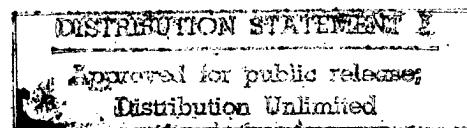




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**Ethnic Hungarian Leader Duray on
Rapprochement**

*AU1808183592 Budapest MAI NAP in Hungarian
15 Aug 92 p 5*

[Interview with Miklos Duray, leader of the Coexistence Political Movement in Slovakia, by Erika Trenka; place and date not given: "There Should Be a Union of the Parts of the World Where Hungarians Are Living"]

[Excerpts] *The rapprochement by the Slovak leaders is a sign of starting to feel the reality. According to Miklos Duray, Slovak-Hungarian relations cannot be separated from the political views on Hungarians living in Slovakia. Foresight and soberness are needed.*

[Trenka] In your interview with SZABAD UJSAG in Slovakia, you note that you can see a changing attitude after the very hard and militant tone used by the Slovak politicians over Hungary and Hungarians in Slovakia. What makes you think that the situation is changing?

[Duray] Mainly from the fact that, formerly, certain statements of Slovak Prime Minister Vladimir Meciar were shown on Slovak television, which alleged that Hungary was trying to get to an increased level of military preparations against Slovakia. He now has withdrawn this, explaining that the newspapers wrongly interpreted him. At the same time, the Slovak foreign affairs minister also tried to mute the prime minister's statements. Certain politicians also voiced the view that Slovakia will clearly have to rely on cooperation, therefore, it has to maintain good relations with Hungary. All in all, the initial, I could say militant, tone has been muted, and recent days have reflected a sensing of the reality. [passage omitted]

[Trenka] What makes you feel that the attitude toward Hungarians is changing?

[Duray] In my view, Slovakia's attitude toward Hungary cannot be separated from the political views on the Hungarians living in Slovakia. It is true that, even at this moment, nation-state ideas are prevailing, and certain paragraphs of the Slovak constitution reflect a centralist and majority-centered state administration and political concept. At the same time, politicians are coming to terms with the notion that Hungarians and other national minorities living in Slovakia have the right to certain forms of self-administration. [passage omitted]

[Trenka] Next week, you will be a guest at the congress of the World Federation of Hungarians. In your view, to what extent are the lives of Hungarian minorities living in the former socialist countries affected by the fact that now the World Federation of Hungarians does not orient itself only toward the West and the United States?

[Duray] I approve of this. After all, the Hungarians of the world are diverse, and the second largest group of Hungarians outside Hungary lives in the surrounding countries. At the same time, I would disapprove if the

former Western orientation was replaced by an orientation toward the national minorities living along the borders. The World Federation of Hungarians is an organization of the Hungarians living everywhere in the world, and it is not a federation cut out for and forced onto a region. Because of their diverse nature and intellectual power, the Hungarians in the West deserve at least the same position in the federation as the Hungarians living as national minorities. [passage omitted]

Commentary on Destiny of Federal Assembly

*92CH0760D Bratislava NARODNA OBRODA in Slovak
2 Jul 92 p 3*

[Article by Julius Gembicky: "Federal Assembly's Demise? State Powers Equation With Two Unknowns"]

[Text] A great deal of federal water has been drained from the August 1990 Trencianske Teplice talks through the streams and rivers of haggling over state powers. At a Bratislava press conference following the talks, SR [Slovak Republic] Prime Minister Vladimir Merciar said, "The negotiation was difficult. Agreement on the basic issues was reached at a half-hour past midnight. We were so pleased with the talks that we would have gladly informed anyone—but there was no longer anyone to inform."

In the course of the past two years, and especially following the first agreements on sharing powers, the Trencianske Teplice dreams and projects have dissolved. The agreement formerly reached by participants in this summit on state powers that the interests of the Czech and Slovak nation are best served by a federal arrangement of their common state, with full respect and safeguards for the self-identity and equality of two republics, is now, it seems, a matter of the past. There is evidently no need to analyze the reasons why it happened. Making Slovakia's status in the federation truly equal did not suit the majority segment of the Czech political scene. Small wonder that in Slovakia it had a boomerang effect.

The first joint session of both houses of the federal parliament will continue tomorrow. They will meet to elect—though it may be more realistic to openly acknowledge that they will not elect—the president of the CSFR. The Federal Assembly [FZ], the highest legislative body of the common state, finds itself in an unaccustomed situation right after constituting itself. Its voting machinery will pass at the most laws on which the two election victors, ODS [Civic Democratic Party] and HZDS [Movement for a Democratic Slovakia], and their coalition partners, agreed upon. In the absence of the necessary political will, there will be no passage, there will be no president, and, if only with a temporary mandate, the FZ will be deadlocked. The waning political weight of the "old" president evidently will lack the strength or opportunity to dissolve it and call new parliamentary elections. Such is the FZ's outlook until 30 September. Evidently, if this highest representative

body agrees on anything at all, it will most likely be the dismantlement of the state; then it will go off to die. Any of the possible variants to this scenario would be a surprise to all citizens.

To protect federal deputies against panic at seeing their mandate in limbo, the framework of the ODS-HZDS accord opens to them some sort of an unacknowledged opportunity to transfer to the national councils. Many of them may ask themselves in the depth of their souls whether this offer is motivated by an effort to secure their loyalty in voting on the constitutional laws. This is because fears about the validity of such concerns and their altogether realistic considerations have accompanied them ever since the preelection nominating conventions and their party congresses. Many of the Slovak FZ candidates privately expressed disappointment with their pursuit of a mandate in what was assumed to become a provincial body. Many would have preferred the certainty of nomination for government offices in the republican executive.

It is not the ambition of these musings to provoke feelings of helplessness and skepticism. Rather it is to make more realistic the ground in which these deputies, with a valid mandate from free elections, may be planted. For instance, they will not have a mandate from voters to create second chambers of the national councils. So far, the status and role of such potential future assemblies remain unclear. What will they be deciding on? Is not their potential superfluity begging the question of an acute need for calling a new election—at least for these second chambers?

Time and the political will of those who are most influential and, let us hope also, the citizens' referendum will come before the horse has bolted, and will determine which will prevail. Whether the opposing forces of federation versus confederation equals two independent states in the equation, or some other solution is found in the twelfth hour to the arrangement of state powers that will be acceptable to all sides, remains to be seen.

First Tranche of EIB Loan Released to CSFR

92CH0757D Prague HOSPODARSKE NOVINY
in Czech 18 Jun 92 p 6

[Article by Hana Nemcova, doctor of jurisprudence, and Eng. Petr Prochazka, CSFR National Bank: "The First EIB Loan for the CSFR—Does Small and Medium-Size Business Have an Adequate Number of Good Projects?"]

[Text] On 15 May of this year, the Banking Council of the SBCS [National Bank of Czechoslovakia] approved a financial agreement between the European Investment Bank (EIB) and the National Bank of Czechoslovakia, regarding acceptance of a loan amounting to 85 million ECU's [European Currency Unit]. The loan is intended to finance small and medium-size projects. On 16 June, this agreement was signed by the top representatives of both banks at Luxembourg. What opportunities do the

enterprise and the entrepreneurial sphere have to acquire resources based on this loan to finance their investment intentions?

Economic assistance for countries of Central and East Europe is programmed in several directions and is made available on the basis of several sources. One of the important entities which shares in the realization of the program, the goal of which is the introduction of a market economy in those countries, is the EIB. It was established in 1958 on the basis of an agreement covering the establishment of the European Economic Community. It is an autonomous institution within the EEC framework and is owned by the member states of the European Community and has its seat in Luxembourg. It is one of the largest international borrowers and, next to the International Bank for Renewal and Development (IRBD), which is better known under the term World Bank, it is the largest financial institution of its kind, particularly from the standpoint of its area of activity.

Whither Financial Aid

The credit rating of the EIB is evaluated as first-class (AAA), which makes it possible for it to acquire loans in financial markets under conditions offering the maximum advantage. Then, the EIB itself makes financial resources available for financing investment intentions under the same conditions, adding only an interest rate of 0.15 percent per year.

The activities of the EIB are, for the most part, aimed at countries of the EC; however, on the basis of experience in financing various projects, tasks involved in the developmental policy of the EC are also transferred to it. Within the framework of EC collaboration with the countries of central and East Europe, the EIB also finances projects in Bulgaria, the CSFR, Romania, Poland, and Hungary. At the end of 1989, it was empowered to make loans to Poland and Hungary which totaled 1 billion ECU's; in April 1991, loans to Bulgaria, the CSFR, and to Romania totaled as much as 700 million ECU's.

EIB loans are tied to specific projects and serve to finance investments according to customary banking criteria. The bank finances projects in the public and private sector in the areas of the infrastructure, industry, agriculture, agroindustry, energy, tourism, and in services connected with these sectors. Preferred investments by the EIB in central and East Europe are projects realized within the framework of joint ventures with participants from countries of the EC and projects intended to protect the environment and those designed to make more rational use of energy.

Projects in the area of the social infrastructure (health services, education, social welfare, etc.) are not considered for financing by the EIB. Also excluded is the financing of the metalworking industry, the steel industry, and the shipbuilding industry, the production of motor vehicles, and the manufacture of synthetic fibers. Sectors such as the textile industry, ready-to-wear

and fashion accessories industry, the footwear industry, the manufacture of motor vehicle parts and accessories, and consumer electronics are considered by the EIB as so-called sensitive sectors from the standpoint of cofinancing.

Project Financing

In principle, the EIB differentiates between two types of projects and does so according to the overall budgetary costs, with a limit of 20 million ECU's, that is to say, approximately 720 million korunas [Kcs]. With regard to so-called large projects, whose overall budgetary expenditures exceed the above limits, the EIB makes loans available directly to the project proposer. Responsibility for preparing proposals for these large projects in the CSFR rests with the coordination committee of the federal government.

Small and medium-size projects, whose total investment costs do not exceed 20 million ECU's, are financed by the EIB through financial institutions, that is to say, through developmental, investment institutions or, in the case of the countries of Central and East Europe, through the central bank as a link within the framework of the Apex Global Loan Program.

In both cases, the EIB makes loans available to a maximum of 50 percent of the budgetary expenditures involved. A fundamental prerequisite for EIB participation is thus, in addition to approval for the given project, the assurance of the resources necessary for cofinancing a substantial portion of the budgetary expenditures within the country.

Through its global loans, the EIB makes long-term resources available for investments which are smaller in scope within the sphere of production and the infrastructure, thus contributing to a balanced development of the structure of the economy and to economic growth. The EIB makes these resources available, as has already been stated, to the financial institution which then passes them on in the form of a substantial number of smaller loans for small and medium-size investment attentions, selected with the approval of the EIB.

The bank examines primarily the economic, technical, and financial side of each project it finances, ascertains whether the investment intention is in harmony with the economic policy of the given country, and coincides with the priority programs of its development. Also, the projects must not be in conflict with the obligations of the state vis-a-vis international institutions, they must be economically significant and, in the area of the infrastructure, must show an appropriate degree of national economic profitability. All projects which are cofinanced by the EIB must be responsive to valid laws dealing with protecting the environment; judging the impact of the investment intention upon the environment is an essential part of evaluating each project.

To a significant extent, the conditions under which the EIB makes resources available to the selected financial

institution are transferred by the financial broker, that is to say, for the most part by a commercial bank, to the final user of the loan. In view of the fact that these are long-term resources, the repayment terms for the loan range between 12 and 15 years and the first repayment of the principal is delayed for a certain time. EIB loans are paid in various currencies or in a basket of currencies, for the most part in line with the wishes of the loan recipient. They are made mostly in the currencies of the countries of the EC, the ECU, the U.S. dollar, the foreign exchange franc, and the Japanese yen. Repayment of interest and principal is then due on a semiannual basis in equal payments in those currencies in which the loan was made. The interest rates have no connection with the loan recipient, or the type or locality of the project being cofinanced. Interest rates are firmly set for the entire duration of the individual tranches of the loan.

Release of the EIB Loan Tranche to the SBSC

The legal basis for the relationship between the CSFR and the EIB is anchored within the Outline Agreement on Financial Collaboration Between the CSFR and the EIB, dated 1991. This was then followed by the financial agreement concluded between the European Investment Bank and the National Bank of Czechoslovakia, which was signed in Luxembourg on 16 June 1992 by the highest representatives of both banks. On the basis of that agreement, the EIB is prepared to lend 85 million ECU's to Czechoslovakia over a period of three and a half years, that is to say, until the end of 1995, for purposes of cofinancing small and medium-size projects; this amount is equal to approximately Kcs3 billion. The conditions approximately reflect the above-described model, except that they are adapted to the Czechoslovak system. In practice, this means that the final user will have a loan made available for a minimum time of five years and the maximum time for which resources will be made available is 15 years. The currency in which the loan is made then depends on an agreement between the user and the commercial bank and includes the possibility of choosing the domestic currency (the koruna); however, the entrepreneur must figure on differing rates.

Thus, the financial institution which will be the recipient of the loan and will thus be a debtor with respect to the EIB is the National Bank of Czechoslovakia as the central bank of the state. Project financing is definitely not part of the typical activities of a central bank; the contrary is more true. However, in making its decisions regarding the acceptance or rejection of a loan, the Banking Council also took into account the broader circumstances of the current economic development in Czechoslovakia, particularly its prognosis, which dealt with the possible revitalization and reversal of the economic decline into growth and the shortage of long-term financial resources. In an effort to provide long-term support for investment in small and medium-size promising projects as one of the important factors of the anticipated revitalization of the economy, the Banking

Council recommended accepting the loan. Selected Czech commercial banks will broker the loans for the final recipients and users.

The SBCS will thus be:

- A debtor with respect to the EIB without the necessity for a government guarantee and will, thus, facilitate the access of commercial banks and financial users to an advantageous loan.
- Fulfilling the role of a "mailing box" in relending resources based on the loan to commercial banks, with regard to which it will be a creditor.

On the other hand, the SBCS will not:

- Evaluate and judge projects destined for cofinancing with the EIB (that is fully a matter for the commercial banks and the EIB).
- Carry exchange-rate, currency, or commercial risk connected with accepting the loan.
- Profit from the conducted operations.

The agreement between the EIB and the SBCS anticipates the gradual involvement of six commercial banks as financial brokers for the loan. In the first phase, in consideration of an effort to cover the entire territory of the CSFR with the resources of the loan, the Commerce Bank of Prague, shareholding company, and the General Credit Bank of Bratislava, shareholding company, were selected to initiate the operations. Those among the entrepreneurs and those who are members of the enterprise sphere who dare to acquire an advantageous source of financing their high-quality projects and who are not afraid to submit these projects to creditworthiness examinations conducted in accordance with high European standards should contact the above-listed two banks directly with their proposals. However, one condition is that a minimum of 50 percent of the resources required are secured from other sources.

Part of our road into the developed world is a transition in our economy from centralized resources to the market allocation of resources. In this process, the banks play a key role. If communications between the banks and enterprises will be in accordance with the standard of West Europe and if these communications will be successfully followed by financial streams, then we will have taken another important step along this road.

Meciar: Deficit of Billions by Former Government
92CH0756A Bratislava NARODNA OBRODA in Slovak
30 Jun 92 pp 1-2

[Interview with Eng. Lubomir Klima, C.Sc., director of the state budget department of the Slovak Republic Ministry of Finance, by Stanislav Tomanek and N.O.; place and date not given: "How Much Deficit Was Left by the Former Government? Unfortunately, Almost a 'Respectable' 12 Billion"]

[Text] Bratislava—The former prime minister of the Slovak Republic Government, Jan Carnogursky, addressed, among other things, the question of the SR [Slovak Republic] budget in his last television report on Channel F1. He did not avoid this matter even when giving an account of the activities of the resigning government.

In several statements to the media he confirmed that his government is leaving the Slovak economy in a relatively good condition and that the budget deficit reached only 270 million Czechoslovak korunas [Kcs]. We discussed this subject with the director of the state budget department of the Slovak Republic Ministry of Finance, Eng. Lubomir Klima, C.Sc.

[Tomanek] Mr. Klima, could you shed some light on the various interpretations of the management of the budget of the Slovak Republic? We are especially interested in the amount of the deficit of the state budget.

[Klima] I shall expand the question to include the results of the year 1991, for which budget accounting has not yet been finalized. I shall also provide additional information on the current cash situation in the Slovak state budget up to 23 June, which is the date when the former government stepped down. In the preceding year, the closing state account showed revenues of Kcs116.9 trillion and expenditures of Kcs127.1 trillion, which amounted to an overall deficit of Kcs10.2 billion. The closing state account was approved by the SR Government, but not by the Slovak National Council. That practically blocks the settlement of last year's deficit. Moreover, the Federal Assembly did not approve the transfer of part of the surplus to the republics (Kcs400 million for the SR). Furthermore, the SR Government forgave the originally postponed tax on wages and rewards to farmers in the amount of Kcs934 million. Therefore, the government bonds for reducing the deficit originally estimated at Kcs6 billion will be increased by those amounts.

[Tomanek] Go back, please, to the condition of the state budget on the day the Carnogursky government resigned....

[Klima] On 23 June, the current cash situation showed a deficit in the state budget of Kcs2.86 billion. Nothing in this situation is changed by the fact, as it is erroneously interpreted by the public, that in the first two quarters of the year Kcs1.1 billion was provided from the state budget to finance the Gabcikovo Water Project and a further Kcs450 million was granted by the Slovak State Savings Bank as a bridge loan. In question are current, thus far unbudgeted expenditures of the SR state budget, which have directly showed up in the deficit on 23 June 1992. As far as the common, apportioned revenues of the state budgets are concerned, the SR Ministry of Finance received from the federal budget on 23 June 1992 a share of the revenues from the turnover tax in the amount of Kcs170 million. Similarly, transfers into the state funds for agriculture and the environment were taken into

consideration in the budget. It can be said, therefore, that on 23 June 1992, the current cash situation of the SR state budget showed a net budgetary deficit of Kcs2.86 billion.

[Tomanek] It is obviously not possible to evaluate the management of the budget merely on the basis of the current budget deficit. How would you summarize the legacy of the government in the management of the budget?

[Klima] The level of budget management is also expressed comprehensively in relation to the so-called net position of the government sector (internal indebtedness of the state). Here we must include the presently not covered part of the deficit in the amount of Kcs8.5 billion that is the result of the budget management for 1991, the current deficit of the budget management on 23 June 1992 in the amount of Kcs2.9 billion, and the debt arising from the issue of state bonds for the financing of housing construction in the amount of Kcs2 billion. For the above-mentioned reasons, the debits of the government sector amount altogether to Kcs13.4 billion.

These debits of the previous government can be offset by government assets in the amount of Kcs0.7 billion, the current surplus of local budgets in the amount of Kcs1 billion, and the remainders of state and special purpose funds of Kcs0.4 billion. This shows, therefore, that the net internal indebtedness of the Slovak Republic, which was left by the former SR Government on 23 June 1992, represents Kcs11.3 billion.

(We shall publish an analytical article by Eng. L. Klima on further aspects of budget management.)

Slovak Future Economic Options Discussed

Future Budgets Viewed

92CH0746A Prague TELEGRAF in Czech
23 Jun 92 p 1

[Interview with Eng. Miroslav Havel, director of State Budget Department of the Federal Ministry of Finance, by Dagmar Sistkova; place and date not given: "Will Slovakia Take the Risk?"]

[Text] It is very difficult to foresee what awaits the federal budget and the budgets of the republics. Despite the fact that they are already now laying out certain strong points which will be the basis for further development. More detailed information on the future development of both state budgets was passed on to us by the director of the State Budget Department of the Federal Ministry of Finance, Eng. Miroslav Havel.

[Havel] I start with the prerequisite that next year there should still be three state budgets in existence. In applying the principle of "each for his own," there should take place a significant reduction in the receipts for the federal budget because the 35-percent share in the

joint taxes will drop out of it. On the expenditures side, an entire block of expenditures which are provided to organizations in the republics (for example, for structural changes, for heating), for the benefit of the populace (state equalization contributions, expenditures for employment policies), direct subsidies to the republics' state budgets, and finally also the expenditures connected with the reduction in the number of federal central agencies and with other transfers of authority will drop out of it. On the basis of the calculations made, one can predict that after all these shifts the federal budget and the budget of the Slovak Republic will be in deficit and the budget of the Czech Republic will be in surplus. One must not, however, that all such calculations are static and are carried out based on the figures of the budgets approved for 1992. The principle "each for his own" is supposed to be applied starting next year when the new tax system goes into effect and when the governments of the republics have to adjust their spending policies to these changes in conditions as well.

[Sistkova] Can you give illustrative figures for the situation?

[Havel] For this year the predicted amount of the federal budget is 135 billion korunas [Kcs]. Of this, the portion representing nationwide tax receipts amounts to Kcs91 billion. If the republics are each to take care of their own economic management, this is the amount that will be available to them. On the other hand, the expenditures in the federal budget would be reduced by the direct subsidies to the budgets of the republics, that is, by 5 billion korunas, and by the expenditures mentioned above to support organizations and the populace in the republics, which represent about Kcs54 billion. The effect of abolishing some federal ministries and other central agencies and transferring the expenditures under the changes in jurisdiction is hard to estimate more precisely at this time. In the aggregate, its deficit would be about 32 billion korunas as a consequence of the above shifts in receipts and expenditures of the federal budget.

It is anticipated that such imbalances, which obviously will be reduced as a consequence of further changes, will be covered by contributions from the republics' budgets. The overall size of the federal budget would thus be reduced by more than half, so that it will be difficult to speak of any kind of economic function for that budget when it will become in essence a contributions organization dependent on subsidies. It will be unique in its manner of operation among the states with a federal composition. As far as a general calculation of the deficit in the Slovak Republic's budget, one can estimate its size at a minimum of 15 billion korunas.

[Sistkova] What would it mean if the Slovak government wanted to stimulate demand significantly?

[Havel] If the republics are managing their economies "each for his own," it is most probable that we will not

succeed in maintaining the principle of unity of budgetary policy. The deputy minister of the Slovak Ministry of Finance, Marian Tkac, recently gave as an example the possibility of issuing state bonds for the construction of superhighways to the extent of tens of billions of korunas. This means that, in addition to dealing with the anticipated deficit in the Slovak Republic's budget resulting from the shifts in receipts and expenditures in the budget, since state bonds can obviously also be issued, then there arises an additional significant demand for credit resources with an impact on the possibility for providing credit to the entrepreneurial sector. In my view, a unified currency policy will be preserved only with great difficulty given the expected differing orientations of the budgetary policies in the republics, even taking into account the possibility of divergent developments in prices.

State Intervention Viewed

92CH0746B Prague TELEGRAF in Czech
27 Jun 92 p 3

[Article by Dusan Sramek: "A Restrictive Policy or Statism?"]

[Text] The recent overture by Vladimir Meciar after being named Slovak prime minister may have surprised some people, perhaps not so much because of his sharp attack on the departing prime minister, Jan Carnogursky, and his policies, but because of the proposed solution. Against all expectations, he did not promise the Slovaks a chicken in every pot and happiness all around, but on the contrary offered a tightening of the belts, that is, not an expansive policy, but a restrictive one. It is indisputable that the new prime minister is right about a lot in his criticisms. The financial policy of the Carnogursky government was, in many respects, truly grandiose for the Slovak conditions and it did not come under greater critical fire from the Czech and federal elements only thanks to the fact that both of them did not want to drive the remaining representation into still greater isolation. To a certain extent, Vladimir Meciar is right as well in his criticism of some privatization steps. For example, it is hard to see how the Pithart government would have approved the direct sale of the seven largest department stores to a foreign buyer, as was the case in the sale of the Prior chain of stores to the U.S.-Canadian company K-Mart Corporation. The direct sale of the largest printing complex, Danubiaprint, to the U.S. multimillionaire Soeroes also caused storms of indignation. Despite the support of Prime Minister Pithart, a similar project with Typografie did not make it through the Czech government. There is, of course, the question of how the new Slovak government will weather all this. The restrictions in budgetary expenditures taken out of state administration in fact can save part of the financial resources, but it will have negligible effect on the overall balance of accounts, just as is the case in the attempt at a thorough audit of the tax payments. Without carrying out thorough systemic changes, the current catastrophic status of the Slovak budget and

economy is almost an insoluble problem. The current government is certainly well aware of this, particularly with the sword of Damocles of separate financial budgets from the beginning of next year hanging over their heads. Moreover, it must know despite its various bombastic speeches what the actual capabilities of the Slovak economy are.

There are thus only three possibilities which present themselves to the Slovak government and its prime minister. Either to set out on the path of hard restrictive measures which will correspond to the actual potential of the Slovak economy, but which will in their consequences ultimately have a very unpopular effect, primarily in the social sphere, or to go the route of the populist and statist measures, a route of tax support of the economically successful state and private enterprises. At the end of these paths stands the planned economy of a directive nature, national socialism with all its trappings. The third possibility is not less enticing. This is to use state indebtedness to undertake financial intervention into a Slovak economy which has not yet been transformed and to carry out restructuring projects from the ministerial center. This is the Polish variant of reform which leads to hyperinflation and to the Third World.

The first possibility indeed soon leads to a certain dissatisfaction with government policy and a temporary reduction in the standard of living, but from the long-term standpoint this is the only possible path. Moreover, from the psychological standpoint Meciar's charisma can act as a positive factor in the overall support of the Slovak populace for this policy. One cannot make any certain conclusions from his statements shortly after being named to his post. The program announcement of the new Slovak government will be the decisive factor. The economically vague HZDS program for the time being provides room for all three of the possibilities covered above.

NEZES on Economy

92CH0746C Prague MLADA FRONT DNES in Czech
2 July 92 p 6

[Article by Zdenek John: "An Insubstantial Sovereignty"]

[Text] The elections have transformed the earlier opposition group of Independent Economists of Slovakia (NEZES) into the main base from which flow the ideas of the experts on protecting the Slovak economy which has been damaged by "Klaus." One of their protagonists, Hvezdon Koctuch, in a television debate on Tuesday even professed that the experts of NEZES in their meetings take off their party colors, but the presence of, so to speak, all the economists of the governing HZDS in that associations reveals just the opposite.

On the basic question of what the score is for the economy and what for reform in Czechoslovakia, the Independent Economists of Slovakia agree: economy 2,

reform unfortunately 1. They do not conceal the main task that they have taken on from anyone, that Slovakia must launch its own reform, entirely independently of Prague. Hvezdon Koctuch himself in the television premiere of the NEZES mentioned above admitted that the declaration of Slovakia's sovereignty without the necessary steps in the economic field would be only an empty gesture.

How should one distinguish between the two reforms? While the Czech reform wants to head for a market economy by the shortest possible route, the Slovak reform sets as its goal a mixed economy. It is moreover not necessary, judging by the words of Augustin Marian Huska, to move at the same pace as the Czechs. The Slovak economists are not able to give up their faith in the entrepreneurial capabilities of the state; the statements of the NEZES members on the need for an "organized market" testify to this, as does the entirely sincere statement of Koctuch's wonder at the fact that the previous government allowed the Poprad firm Vagonka, an enterprise with a good future, to be sold into private hands. According to the assertions of the NEZES, Slovakia has enough educated and experienced skilled workers who, if they were to be gathered under one roof, would be capable through their efforts at managing a substantial part of the Slovak economy which should remain in state hands, at least during a transition period. This is thus another substantial difference between the two reforms; in the Czech lands, the last similar enlightened center was called the State Planning Commission.

The actual declaration of the sovereignty of Slovakia is in itself not as alarming as the signs indicating what may follow. Yesterday the economic ministers of the Slovak government at the meeting offered their Czech counterparts a proposal to "declare their willingness to continue with the optimum economic relationships of the republics without regard to the legal composition of the state." Vaclav Klaus very understandably reacted to this with restraint and only declared it to be "useful." At the same time, one hears from the NEZES circles that the offer sounds a lot like the fact that the deputy minister of the Slovak Ministry of Finance (and a member of the NEZES) invested part of his privatization coupons in Czech enterprises.

Dramatic Change Possible

92CH0746D Prague *LIDOVE NOVINY* in Czech
2 Jul 92 p 1

[Editorial by Karel Kriz: "The Return of Kadarism"]

[Text] The Slovak political leadership constantly gives the clear impression that they are seriously thinking about a dramatic change in the economic strategy. Even though the program announcement of the new federal government will be formulated somewhat "artfully," the most important thing for an eventual continuation with the joint state will, however, in the end be mainly what

practical steps one or the other of the national governments takes and whether it will be possible to reach an elementary agreement in the area of economic policy.

The HZDS [Movement for a Democratic Slovakia], which has more than once shown a trend toward crude means of power (for example, the deliberate pressure on the federal television, interior, journalists, or the state administration officials), now is carrying over such approaches, which remind one more or less of the past, in the economy as well. It is significant that it has put typical technocrats who are not economists and have neither practical nor theoretical experience with macro-economic policy in the posts of minister of economics (L. Cernak) and minister of finance (J. Toth), but they do have direct contacts with the powerful industrial lobby (the Slovak Industrial Union, VSZ [Eastern Slovakia Ironworks] Kosice, and also the aluminium plant in Ziar nad Hronom) in which they are still involved. Just as revealing is the fact that the resignation of Anton Vavr from the post of vice governor of the SBCS [State Bank of Czechoslovakia] for Slovakia and from the Banking Council has a more dramatic background than has been disclosed to us by the banking circles so far.

To date, the most important sign is, however, the meeting which was organized last weekend by the economic strategists of the HZDS when they bypassed Vavr and called together the directors of the Slovak commercial banks to a seminar at which they clearly laid out for the bankers what they expect from them in the future. Primarily it will be a strict implementation of centralized directives. Decisions will be made in the government agencies as to who gets credit and the decisionmaking authority of the banks will be sharply limited. Central management will not, however, be based on the material balances of accounts, but will be carried out by centralized management of the monetary flow. In contrast to the actual socialist "playing with the plan" along the line of the center and the enterprises, this time there will be a similar playing with the monetary resources.

In the 1980's all the reform communist regimes, whether Yugoslav, Polish, or Hungarian—tried their hands at precisely such economic policies. At that time it was possible for such shifts to spark sympathy in the West and hopes in the East. The "Kadarization" of Slovakia has been delayed until the 1990's and, it should be well-noted, from the other side, but it can bring Bratislava only one thing: a definite break with the Czech lands and international isolation.

Last Year of Wage Regulations Discussed

92CH0740F Prague *EKONOM* in Czech No 19, 1992
pp 24-25

[Interview with Eng. Vojtech Mechura, deputy minister of the Federal Ministry of Labor and Social Affairs, by Anna Cervenkova; place and date not given: "Wage Regulation—This Year for the Last Time"]

[Text] *Wage regulation—the child of protracted and complicated negotiations—has finally been born. It became effective on 1 June of this year and will remain in effect only to the end of the year. As is well-known, the regulation will impact upon the rise of average wages in comparison to the annual average for 1991. Enterprises will be divided into two categories according to the annual average profits they achieve. In enterprises whose profits are below 12 percent, average wages can grow by 10 percent in the seven remaining months of 1992 (plus 3 percent of free play), in enterprises with higher profits, wages may rise by 15 percent (once more with 3 percentage points of free play). Questions which are of interest to our readers are responded to by Eng. Vojtech Mechura, deputy minister of the Federal Ministry of Labor and Social Affairs.*

[Cervenkova] What is the purpose of the 3-percent free play? Would it not be simpler to set the maximum limits 3 percent higher right away?

[Mechura] The levy based on wage growth is not a tax, but a penalty and, therefore, its design is somewhat different from that of a tax. The rate of the levy is the same for both categories; for exceeding the growth rate from 3 to 5 percent, the enterprise has to pay 200 percent of the volume of wages which were in excess of the guidelines of growth. The penalty for exceeding guideline growth by more than 5 percent amounts to 750 percent. The 3-percent free-play zone in this respect is sort of like a bumper. If, for example, an enterprise has achieved 10-percent profitability (and is thus in the first category) and if it increased average wages to 112.9 percent, that is to say, the growth permitted within the framework of the 3-percent range, nothing happens. However, if growth were to amount to 113.01 percent, it will pay 200 percent of the volume of wages equal to the entire excess, that is to say, 3.01 percent. If wages were to grow to 115.01 percent, the enterprise would pay the higher rate (750 percent) of the entire volume in excess of the guidelines, that is to say, 5.01 percent.

[Cervenkova] Are there some exceptions?

[Mechura] There are, but they are worse options from the standpoint of the enterprises. Last year, there was such an increase in wages in banking and finance that, for this year, a 0-percent regulatory zone was prescribed, that is to say, the levy will have to be paid for any wage growth over and above the 3-percent free-play zone. The insurance industry is categorized into the I zone—without regard to the amounts of profit made—and is thus permitted to have its wages grow 20 + 3 percent.

[Cervenkova] The pricing level is not showing any substantial movement; its growth is very slow. The minister of finance has stated that if we can maintain noninflationary development, we could possibly give up wage regulation. Why does the government nevertheless insist on it?

[Mechura] The federal government has devoted considerable attention to wage regulation because the risk of

disproportionate development of wages persists, particularly in those enterprises where state property continues to predominate. The reason for this is the fact that the new wage system according to the law on wages (Law No. 1/1992 Sb. [Collection of Laws]) was applicable only as of the beginning of the second quarter (from 1 April or 1 May) in the majority of enterprises and no one knows for now the level at which individual enterprises plugged in this system. Thus, a relatively favorable development over the first quarter need not be the criterion.

The government at the same time stressed that this type of administrative and directive regulation should, in the future, not be resorted to—the year 1992 will be the last. That is also why the government reached quite deeply into the overall character of this measure: It excluded particularly private enterprises, enterprises with more than 30-percent foreign capital participation, and cooperatives.

Additional limitations pertaining to this year's wage regulation consist of the fact that in those state enterprises which are to be privatized after 1 June, wage regulation ceases on the day of privatization.

[Cervenkova] What enterprises are these? Does this also pertain to those which will be coupon privatized?

[Mechura] In this case, these will mostly be enterprises which have been privatized by direct sale or by auction. The criterion for accomplishing coupon privatization is the fact that a shareholders' meeting has been held. And this will not be successfully accomplished by too many enterprises by the end of the year.

[Cervenkova] Will there be certain guidelines for wage development even in subsequent years?

[Mechura] I believe that they will be essential in some form or other. However, not administratively, but it will be necessary to find a certain method for indirectly influencing wage development to keep it within sensible limits. It is necessary to forestall the kind of thinking which says "After us comes the flood," which could arise in some enterprises which do not see a clear future ahead of them. Of course, here the importance of collective bargaining will increase at all levels—at the central level, at the republic level, and even at the sector level.

[Cervenkova] Of course, this means that such a regional tripartiteness, which is heavily impacted by unemployment, could even "harden" wage regulation so that more jobs might be preserved when wages are low?

[Mechura] Such a dilemma undoubtedly exists. From the short-term standpoint, it is possible to tolerate such a decision. From the long-term standpoint, it is necessary to become unequivocally oriented toward efficiency. If I employ 80 workers for the same wage resources at a high average wage and at a rate of efficiency, this is only apparently the same as employing 100 people at lower wages and at lower efficiencies. In the second case,

people will not become accustomed to high efficiency. From the long-term standpoint, an increase in efficiency is fundamental.

[Cervenkova] Even at the price of a great increase in unemployment?

[Mechura] Even that must be regulated in a certain manner. Unemployment may not rise so high as to threaten social conciliation and worker morale. In the case of the long-term unemployed, returning to the working process normally requires a certain degree of adaptation—not to mention those people who have come to like it in the social safety net.

[Cervenkova] Is not social semiemployment worse than open unemployment from the standpoint of working morale?

[Mechura] There is a whole scale of solutions here. Nothing can be seen as black and white. An increase in efficiency is undoubtedly a positive manifestation, although people must learn all about full working commitment, and the price of double or triple growth in unemployment could be far too high. In economic development, it is not possible to jump on a different foot each day—everything requires time.

[Cervenkova] Is the retention of wage regulation in practice even verifiable at all—it will be best from month to month?

[Mechura] Of course, an enterprise may verify it and must, but such detailed centralized control makes no sense. For example, there are seasonal influences which affect even nonseasonal production processes, for example, in June, quarterly and semiannual bonuses are paid, and in July and August it is vacation time. Vacation pay is a so-called replacement wage and is not subject to regulation. An evaluation will be made in

seven months and possible supplemental levies will have to be paid by the enterprise based on annual profits.

[Cervenkova] What is the anticipated revenue to the state budget based on wage regulation?

[Mechura] None. Regulatory levies do not have the character of a tax and they therefore do not appear in the state budget. Last year's fiscal profit was minimal and that is good—supplemental levies are intended to lead enterprises into wage discipline rather than strengthening the state budget.

[Cervenkova] Do you have sufficient statistical documentation for monitoring the course of wage development?

[Mechura] Here, we are worse off. For example, we did not have the results of first-quarter activities available until around 20 May. Statistical offices complain that documentation from enterprises is late and incomplete. The lack of a law on statistics is palpable.

[Cervenkova] In other words, wage regulation in its existing image is to cease at the end of the year. Are you figuring on some kind of other form of wage regulation in the future?

[Mechura] We are working on certain principles, but a complete concept of wage regulation under conditions of a market economy is in its infancy. It is true that there is a certain insurance here in the event prices were to out-and-out "fly away"—I have in mind a moratorium on wages. However, we would very much dislike using it and would do so only in an extreme case. A moratorium on wages is like an emergency brake which, although it stops the moving train of inflation, it does so only with great reverberations and only on a temporary basis. A moratorium on wages would only provide a respite for negotiation, but would not solve the fundamental relationships pertaining to wage differentiation, it tends to preserve the old unsuitable wage structure.

Solidarity's Programmatic Dilemma Discussed

92EP0546A Krakow TYGODNIK MALOPOLSKA
in Polish No 27, 28 Jun 92 pp 3, 7

[Article by Marek Czerski: "Solidarity Faces a Choice: The Union Will Either Become the Locomotive of Modern Social Thought or Succumb to 'Neo-Bolshevist' Tendencies and... Ultimately Expire"]

[Text] Is there anything to discuss?

Nowadays speaking of the programs of action of any political party is a totally barren and hopeless exercise, which in the case of a columnist means just one thing: No one will read his article on the subject. And yet?

The reason for the mistrust in programs of action is simple: Both the abstract and the practical ideas contained in them are of dubious quality. Why?

First, the program declarations of political parties and most social organizations are so often a kind of wish list containing mottoes, if not slogans—lists which, when compared with the reality, indicate that their authors and signatories were mentally incapable of reaching beyond colloquial ideas and emulation of others, and that they are embarrassingly impotent so far as translating their pious wishes into reality is concerned.

Second, most program planks are treated by their authors and promoters instrumentally and opportunistically. As a result, profound thoughts have nowadays lost any value so far as the public is concerned. Declarations of, say, loyalty to Christian values by now cause others to shrug their arms and feel embarrassment if not revulsion. After all, those "Christian values" are being parroted ad nauseam and in public life it is so difficult to experience elementary loyalty to truth and the desire to serve others. The alleged truth is an ordinary weapon of propaganda, and public service is a means of reaching out for power. And how has the idea of the democratic state in which the deciding vote should belong to the citizens been compromised? It suffices to point to the memorable night between 4 and 5 April when, against the will of the society, the state was deprived of the government. Yes, against the will of every thinking Pole. Why am I claiming this? Because, regardless of whether one has supported or opposed Jan Olszewski, it would be difficult to find a Pole who would subscribe to such a shortsighted decision as that made by the highest authorities—the Sejm and the President—which caused governance to be already for more than two weeks provisional, so that everything hangs in the air, in a country in which, after 40 lost years, time is of unusual worth and where the waiting for important decisions is more urgent than ever. Poland is not Italy nor the Portugal of the "Revolution of Flowers" which Michnik discussed with such intensity in last Saturday's GAZETA WYBORCZA. Such a decision should have been—even if it was necessary—foreseen and prepared instead of being taken at the spur of the moment, against the interests of the state and the society. And this is to be democracy and the

government of "democratically elected representatives of the Nation"? This is a farce which makes laughing stock of democracy!

Thirdly, unequivocal belief in not only the value of words but of thought itself is absent in public awareness. Is there any value to thought, and can it point to the road that should be followed and serve as inspiration for human behavior? Or is it rather mere justification and rationale for more or less chaotic measures taken on the trial and error principle, the guiding idea being, "We shall see and somehow muddle through"? The assertion, "existence determines consciousness," repeated for years and enriched not so long ago by a new version of that doctrine, "The point of view depends on the point of seating," still has not become hackneyed. (Let me comment mordantly that the recent events show that this dubious statement needs to be modified in order to, I fear, reflect the actual situation more accurately. That is, "The point of view depends on the circumambient atmosphere.") This is no joke: Important issues are involved.

Could it be then that Norwid accusation that Poland is "A country—where every—action surfaces too early / But every book... too late..." still has not been proved? If then the public does not feel certain whether thought is subservient to action or action subservient to thought, it is difficult to expect that thought is considered worth more than an increase in the output of socks or the opening of a new airline route.

Hence, speaking of any program of action raises the suspicion that once again somebody desires to manipulate the public or engage in jejune disputes. Despite the abundance of vapid chatter and attempts to manipulate all of us (to which one should nowadays be particularly sensitized), I nevertheless am resolutely determined to be among those who think before acting, that is, among those who what to know what others are thinking in order to foresee and evaluate their future conduct.

And any program of action is, after all, a reflection of the thoughts and intentions of a particular organization.

How Does This Apply to Solidarity?

Since we are speaking of its program, in this case manipulation should be less feared than in the case of other organizations, e.g., political parties. In the end, the elections are over and using one or another program of action to win votes is no longer the issue. The fear of vapid chatter is also not that big, since after all, among the delegates to a national congress it is difficult to encounter persons who would enjoy, professionally or privately, engaging in "coffeehouse gossip and speculation" or spend hours on hair-splitting pseudointellectual discussions. They rather are practical individuals who moreover are well aware that Solidarity can become stronger not so much thanks to imprinting this or that number of pages with even the optimal program as owing to the extent to which its program (if it is really good) is

translated into reality. So then, without being too suspicious, let us consider the two main orientations of Solidarity. During the first session of the National Assembly of Delegates two different programs were proposed.

The first program was drafted by a nine-person program taskforce of the National Committee. From our region, Barbara Niemiec (the chairperson) and Jacek Smagowicz took part in the that taskforce's work. The taskforce first worked out a preliminary draft of a program resolution which was, many weeks prior to the opening of the congress, circulated among branches of Solidarity along with a request for comments. On the basis of the comments received, a second version of the program was drafted and presented at the congress. This document, consisting of 16 pages of typescript, contains the following four chapters: The introductory and concise "The Ideological Identity of Solidarity," followed by "NSZZ Solidarity as a Trade-Union Organization," "Solidarity's Social Policy," and "NSZZ Solidarity and the Nation's Economic Problems." The above program is supplemented with two appendices.

The first, titled "Objectives of Discrete Solidarity Structures in the Light of the Program," was drafted by the Silesian-Dabrowa Solidarity Region. On six pages, the Silesians put forward many interesting proposals whose nature is correctly reflected in the title of this appendix.

The second document appended to the draft program resolution is "An European Social Charter," adopted in Turin on 18 October 1961 and (together with subsequent additional protocols) opened for signature by the member countries of the Council of Europe, in which, as we know, since recently, Poland also is being represented. The complete text of the charter consists of 19 articles and the Additional Protocol of 5 May 1988, which is its integral part. The charter defines a number of rights which are reflected in the titles of discrete chapters of the document. We shall mention just a few: the right to work, the right to collective bargaining, the right to hygienic and safe working conditions, the right to social security, social assistance, and medical care, the right to equal opportunity in employment, and lastly the right to information and consultation.

The addition of the charter—whose contents should be familiar to every citizen—to the documents of the Solidarity congress is significant. That act of international law defines the standards of thought in highly industrialized countries (revealing the mendacious and ludicrous nature of many ideas and tales concerning the so-called serious debate). A choice between the two programs will be made during the second session of the congress, which will begin next Saturday, 27 June, in Lodz. Having to make this choice seems inevitable, for any attempt to combine these two programs or integrate them on the basis of sections of each appears impossible: the differences are too great.

The only thing linking the two texts is the same initial sentence, "Solidarity guides itself by respect for the values to which it has been faithful from its very outset: truth, human dignity, interhuman solidarity, democracy, and love of the Fatherland." Further reading points to growing differences between these documents.

The draft by the group of delegates speaks critically of the price paid by Solidarity for "spreading its umbrella over the government," which is surprising inasmuch as that proverbial "umbrella" (well-known from that memorable poster) was spread over Poland and not over any particular government. The thinking of the authors of each of the two drafts completely diverges on such a fundamental issue as Solidarity's position as a trade union.

The draft by the group of delegates states, "From the fundamental objective of protecting worker rights and interests ensues the claimant, narrowly trade-unionist, nature of Solidarity." In other words, the authors of this draft presuppose the existence of some natural and permanent, as it were, state of conflict between Solidarity and "the rest of the world," that is, the state and employers. Such in the end is the common interpretation of the meaning of a "claimant trade union."

It would be vain to seek such a formulation in the draft of the congress committee, which does not mean that it is outlining a vision of Solidarity as a "concession-making" and "conciliatory" trade union. On the contrary. The draft of the congress committee contains thoroughly considered and precisely defined purposes of Solidarity's activities and indications of the ways in which it can accomplish them effectively. But the "claimant" model of the trade union is totally alien to the members of the committee.

On the contrary: referring to the social teachings of the Catholic Church—which, given the present-day response of the public to such references, is a risky undertaking, the authors of the congress-committee draft make haste with an explanation: "This means that relations between employees and employers can and should be in the nature of a partnership, insofar as the employees identify themselves with the good of the enterprise." But the reverse side of this coin is that, while the same good: the enterprise and work in it, is (or at least should be) crucial to the employer, this is not necessarily so for Solidarity members. As the congress-committee authors further note, "Thus a source of conflicts between employees and employer is not necessarily a conflict of interests but the interpretation of the common goal and the selection of the means of achieving that goal." This conclusion is followed by the statement that the point is to "assure respect for the interests of the sides." Of all sides!

Thus, instead of the claimant attitude and permanent conflict (which smacks of "natural and inevitable class struggle"), the existence of a common good, namely,

work, is presupposed and the object of the dispute is the manner in which each person involved benefits from that good.

I am discussing this matter at such depth because the final decision of the congress as to whether Solidarity is to be a claimant trade union or one promoting partnership with employers, will be of the most portentous significance. The question is whether Solidarity will succumb to tendencies to follow the direction that had dominated the thinking of many 19th-century trade unions, a thinking whose theoretical foundation was provided by Marxism.

Such tendencies should be neither surprising nor shocking. They are quite understandable after 40 years of "brainwashing," of isolation from other, genuinely progressive, trends in the European trade union movement.

These "tendencies" are all the easier to understand considering that on the other side, on the side of the authorities, employers and—worst of all—political elites, the role of the trade union is often just as archaically, or, to put it simply, Marxistically interpreted. People frequently say, "The role of the trade union is over. A strong trade union would be the greatest misfortune for Poland." Or, "The best trade union is a weak one," etc., etc. This is heard all the time, especially in the circles of Polish Liberals and fresh-baked businessmen. (Suffice it to mention the notorious articles in *KAPITALISTA POWSZECHNY*, an authoritative journal of the Liberal and business community, discussed in *TYGODNIK MALOPOLSKA*.) Such views are rooted in the belief in a "natural conflict of interests and an employee-employer conflict," thus saying exactly the same thing as a claimant trade union, but from the opposite standpoint.

Arguing in favor of one or the other side without fear of being made ridiculous is possible nowadays only in Poland (and perhaps also in the other former countries of people's democracies). In the West such theories evoke only pitying laughter and are mere anachronism. This is best demonstrated by the statements in the European Social Charter. The times when the dispute between employers and employees was a matter of struggle and enmity "encoded in the genes" of each of these "classes" belong in the past, let us hope.

Which choice will be made by Solidarity? Will it let itself be "placed" in the role assigned to it by its present-day opponents (who are for the time being not too anxious to become its partners)? Will it let its enemies, of whom unfortunately there is no dearth on the political scene, drive it into a political blind alley of becoming a claimant trade union by popular will, so as thus bring about its ultimate downfall? To me that would of a certainty mean the end of Solidarity, which makes me think of the hopefully false prophecy that one day "The ranks will have to be closed." All the same, sooner or later, Poland will want to catch up with the 20th century.

By now nothing can stop this process. And all the relics of the past or nostalgia for its illusions will have to give way to it.

Will—this being my hope—Solidarity once more prove to be an organization capable of guiding itself by far-reaching and modern ideas, thus prompting others to reject the legacies of the past? Will Solidarity, though, to be sure, smaller and weaker now, once more assert its independence and lead the country, this time not by means of street manifestations or connections with rulers but by force of its own ideas, modern ideas in tune with the times and challenges which we all face?

Soon now, after the second session of the congress is over, we shall know the answer to this question.

Then, too—because now it is still too early—the right time will come for presenting in detail the problems with which Solidarity's program of action will be concerned.

PC Outlines Program After Second Congress

92EP0557A Krakow *TYGODNIK POWSZECHNY*
in Polish No 26, 28 Jun 92 p 4

[Article by Adam Szostkiewicz: "Between Mazowiecki and Chrzanowski"]

[Text] Humor served the delegates well. In spite of the fiasco of the "Grand Coalition," which was to strengthen the ruling Solidarity camp, in spite of the downfall of Jan Olszewski's government, which the Center Accord [PC] supported until the end, in spite of the split in the party, sealed at the simultaneously convened congresses of secessionists, in spite of the continuing dissolution of the political movement that the PC wants to unite about itself, the activists considered the Second Congress of its party a success. That is correct if the goal of the congress was consolidation. This closing of ranks, however, is too little for the observer to be able to share the optimism of the activists preparing for a great political battle.

The Center Accord was the political idea of Jaroslaw Kaczynski, who feared that in victory Solidarity would be transformed into a monoparty similar to the PZPR [Polish United Workers Party], subject to the political control of groups that since the middle of the 1970's formed the main current of the antitotalitarian opposition. In the PC, up until the present day, this current is called the "lay left." Kaczynski believed that the Solidarity camp should be divided according to the classical left/right scheme, and he rejected the charge that in societies leaving communism the dividing lines are more complicated than and the left/right scheme may turn out to be an anachronism. The leaders of the PC energetically joined the work, gathering about themselves people of the most varied political backgrounds.

At first their slogans—building a "center-right" camp and complete support for Lech Walesa and for his possible presidency—as well as their aversion to the elite of Warsaw's old democratic opposition brought them

together. From the beginning, the groups that today form the Center Accord appealed to the Christian Democratic idea, accentuating the role Western Christian Democratic politicians played in rebuilding postwar Europe. The PC recognized as the strategic goals of its activity the restoration of full parliamentary democracy and a market economy, often supplemented with the additional adjective "social," which was supposed to emphasize their distance from the purely liberal economic and political ideas that the PC rejects as doctrinaire.

"Poland—Yes!"

The Second Congress—or more precisely, its first round, which ended on 14 June in the Maximum Auditorium at Warsaw University, Mickiewicz's hall, where the Democratic Union, eight months younger than the PC, was formed—deprived the symbol of the party of just one element: The PC is today harshly anti-Walesa.

In the presidential campaign, Kaczynski's people raised the slogan "Walesa—yes!"; now on the red and white congressional posters they have written "Poland—yes!" Center Accord managed to hide its face behind this unusually important change, and in fact did consolidate, although the price was high: the minority opposition to Chairman Kaczynski should have been removed from the party. Outside the PC there was also Jan Olszewski, the new leader of the anticommunist, independence-minded fundamentalists.

PC activists, especially those outside the close supervision of the party, are painfully surviving the conflict with Lech Walesa. "I have a moral hangover," said one delegate, a nurse from Slupsk; and her colleagues shook their heads in agreement. Walesa, as the head of state, is deserving of respect, they emphasized; but if it were to turn out that he was really an agent, then he is finished politically.

Jerzy Eysymont, who was co-director of Walesa's presidential campaign in Warsaw and who consequently also "had some part" in his victory, spoke to me in a similar tone. "Today," Eysymont said, "it is difficult for me to accept the activities of the president, who went astray and fell into narrow-mindedness, perhaps under the influence of his surroundings." Eysymont preferred not to predict whether Lech Walesa would survive till the end of his term; he doubted whether any government would now be able to cooperate with the president in a partnership: "I suppose this will be a government that will constantly say: yes, sir, Mr. President." At the Congress, Jacek Maziarski, head of the departing Main Administration, said to me that if his party were to stand before the dilemma of the powerful presidency of Walesa and hastened elections, he would with sorrow choose the latter.

The Center Accord today has nearly 600 (growth of 100 percent) circles in all voivodships and larger cities; it numbers nearly 13,000 members, who pay dues of 20,000 zlotys. The party itself admits that it has great financial problems and large debts to repay. In spite of

the leadership's appeal to local organizations, the party weekly TYGODNIK CENTRUM folded for lack of interest. Jacek Maziarski, who until 1976 was the editor of POLITYKA (he left there because, as he says, he could not accept Rakowski's line), told me with a certain unease that the social composition of the party (in comparison to the time of the First Congress) is beginning to resemble the Democratic Union. The "Center" is now less "plebeian": The numbers of lawyers, doctors, professors, and officials have increased; the "bewildered" have become less numerous. This change may alleviate PC's complex in regard to the Democratic Union, which is a party of the intelligentsia, but at the same time it presents the threat of leading down a blind alley toward a party of the elite. The party is decidedly male: females constituted scarcely 10 percent of the delegates. During the congress, one of them demanded the creation of a women's section in the party.

The Congress boiled with life in the lobbies, where, a la Macierewicz [minister of internal affairs in the Olszewski government], lists of "agents" circulated and where comments were made on the latest intraparty and interparty politics. The lists had handwritten names, sometimes followed by a question mark. The press was reviewed, most often NOWY SWIAT and POLSKA DZISIAJ. Discipline prevailed on the floor: Voting on resolutions and elections to the leadership took place without controversy.

The Leader

Jaroslaw Kaczynski's position is very strong, both among leaders and among regular delegates, who are obviously proud of Kaczynski and often plainly speak his language and repeat his arguments word for word. The slogans of "decommunization" and "deagentization" and disagreement with "the recommunizing government of the followers of Pawlak and Wachowski" are universally accepted in the party as the foundation of the "self-cleansing" that is essential to Poland. No one in the PC questions the idea of decommunization. It is too bad, the delegates say, that this came up so late. The principles of public morality require decommunization, so long as no one innocent suffers. The Congress unanimously passed a resolution to scrutinize all members of the PC, which could result in suspension, were the credibility of the MSW [Ministry of Internal Affairs] files convincingly weakened.

Jaroslaw Kaczynski, a lawyer by training, is 43 years old. He has been active in the opposition since the 1970's. He worked with KOR [Workers Defense Committee] and as an activist in NSZZ "Solidarity." He was associated with circles that emerged from the 1977 underground periodical GLOS. Antoni Macierewicz was the editor in chief, but the editorial board and office included, among others, Jan Olszewski, Piotr Wierzbicki, Stefan Kurowski, Marcin Gugulski, Bronislaw Komorowski, and Piotr Naimski. Kaczynski, along with his brother Lech, took part in the "roundtable talks" of 1989.

For the people of the PC, Jaroslaw Kaczynski is one of the most skillful politicians of the Solidarity generation. They have a uniformly high opinion of him for his pragmatism and effectiveness and for the fact that "he knows politics inside and out" and knows how to speak extemporaneously.

The secessionists, who after removal from the PC formed the Christian-Democratic Forum [FChD, originally known as Forum of Christian Democratic Thought], accuse Kaczynski of having dictatorial aspirations, stubbornly crushing democracy within the party, and scheming. Kaczynski's followers accepted their departure with relief. They explain the conflict in terms of the rampant ambitions of the splinter group of Hniedziewicz (the old "PAX") and Anusz and its aspiration to assume political control of the party. But did Chairman Kaczynski cross some names off the local party lists right before the parliamentary elections? The delegates laugh; obviously they know a little something of the contents of the agents' folders. Jacek Maziarski indicated that the conflict with the followers of Anusz began at the moment they tried to push the PC activists who had roots in Solidarity off the main track.

Between the ZChN and the UD

Chairman Kaczynski regards the PC as the strongest post-Solidarity party, a party that is capable of gathering about itself the center-right of Polish Christian Democracy and in which there will also be room for peasant party members and conservatives. The dissolution of the Christian Democratic movement does not have to last forever, but the PC cannot accept the formula "development through division," which is propagated by the secessionists of the FChD [Christian-Democratic Forum]. The Christian Democratic identity of the party and its loyalty to the institutional Church were strongly emphasized at the Congress. In the opinion of Jacek Maziarski, the PC can count on the support of the Church, and the party will support the Church's position in the debate on abortion and religion in school. Maziarski mentioned that the Holy Father received Chairman Kaczynski during last year's electoral campaign, and party activists were received by the primate and the bishops of virtually every diocese. Maziarski expressly denied the accusation that the Church and religion are being treated as political instruments. Delegates from all over the country also emphasized their ties to Christian values. They say these values must be rebuilt in society, and for that it is necessary to defend the authority of the Church. "The Church will be attacked," said Jacek Maziarski, "accused of interference in politics, accused of clericalization; meanwhile the role of the Church in the state order is not finished and it cannot be permitted to be pushed into the background." Maziarski admitted that Western Christian Democratic parties—with which the PC, a member of the Christian Democratic international, has lively contacts—are going through a crisis today. However, he maintained that Poland certainly needs a solid, middle-class party of the center—similar to the Austrian People's Party but free of

ideological fundamentalism, of which "Deputy Marek Jurek is writing the executive code."

The idea of the PC consisted in taking the Christian base from Solidarity and beginning formative work with it. Thanks to this people perceive the difference between the modernism of the CDU [Christian Democratic Union of Germany] or Italian Christian Democracy and the traditionalism of the ZChN. Maziarski believes that in Poland the agglomeration of pseudo-values, such as permissivism and the philosophy of "no," may be a calamitous alternative to Christian Democracy. The PC wants to fit between that extreme and the extreme of the ZChN. "Our electoral enclave is between Mazowiecki and Chrzanowski, and we are competing for those votes."

However, in the current political game in the parliament, Kaczynski's party must move within the square described by the ZChN, the UD (Maziarski spoke with noticeable sympathy of the closeness of the ideas of Aleksander Hall's faction), the KLD [Liberal Democratic Congress], and the post-Solidarity peasant movement.

Time will soon put Chairman Kaczynski's dexterity to a difficult test. He saved the party from disintegration, but if he leads it into battle on the front of refusal that has been assembled by radicals of the stamp of Parys and Morawiecki, he may lose support in his base. Maziarski stipulated that "total opposition" to the forces of "recommunization" will fit within the framework of the democratic game, so that it would not occur to anyone in the PC to go underground. Rallies, pressure within the parliament and outside of it, but not conspiracy. However, one may doubt whether the base and the potential electorate of the party will want to bear the burden of sharp conflict with the president, the new government, and the parties competing with the PC to which the leadership of the Center [word indistinct]. It is hard to imagine that the followers of the "moderate Christian right" would feel good in the company of Ziembinski and Szeremietiew. All the more so as the Church hierarchy is distancing itself more and more explicitly from those radicals and stands like a wall behind President Walesa.

In spite of the optimism of the party leaders, the PC may be threatened with isolation. According to soundings, about five percent of the electorate would certainly vote for the Center Accord. If a stable political system is to be created in Poland, then a variant in which Christian Democracy was integrated and a joint electoral list was submitted would be really sensible. However, for the time being, that does not seem realistic.

Kaczynski's party has not yet solved its fundamental problem: the lack of real rootedness in concrete social groups that would recognize it as the representative of their interests. The Center Accord—like the entire Polish political scene—is in a transitional period which will bring many more surprises.

Gdansk Shipyard-Solidarity Conflict Explained

92EP0546B Warsaw KULISY EXPRESS
WIECZORNY in Polish 26-28 Jun 92 p 3

[Article by Czeslaw Curylo: "Rebels in the Cradle?"]

[Text] Why were delegates from Gdansk Shipyard absent from the recent Solidarity congress even though it was held in that shipyard? the absence of its representatives was interpreted nationally as signaling the disintegration of Solidarity. Is that right?

Edward Szwajkiewicz, secretary of the Presidium of the Solidarity Regional Board and member of the plant Solidarity commission at the shipyard, said:

"It is true that the shipyard did not participate in the congress. This was due to its activists. At a convention of the Gdansk Solidarity Region the Gdansk Shipyard was represented by 11 delegates, but 10 of them, headed by Chairman Stanislaw Borowczak, refused to take the Solidarity oath."

"Why?"

"They argued that the oath is behind the times, depreciated, for which the so-called governing elites are to blame. It was thanks to Solidarity that they entered the parliament and formed three successive governments which in practice reneged on the principles of Solidarity."

Szwajkiewicz was the only delegate to take the oath. "I felt that my fellow delegates were following a policy opposed to the views of the bulk of Solidarity members at the shipyard. Besides, I did not think it fair to blame Solidarity for the mistakes of the governments, since these were formed by political parties, not by Solidarity."

The position of the 10 delegates was not supported either by the delegates from the other shipyards, and since they did not take the oath, they did not compete in the elections of delegates to the national congress.

Szwajkiewicz said, "The sense of outrage in the auditorium was so palpable that these delegates just gave up. Although I myself am from the Gdansk Shipyard, I cannot but see that the others no longer accept our domination."

As a result, the Gdansk Shipyard, the cradle of Solidarity, was not represented at the Fourth Solidarity Congress. The point is that for many weeks now, its activities have been meshing not with the national structure of Solidarity but with the so-called network, that is, a consensus among the plant Solidarity commissions at the country's biggest industrial plants.

Is the "Network" Linked to the Belweder?

It is, according to Roman Stegart, of the Gdansk Solidarity Region Board, who said, "One of the leaders of this movement, in addition to our Borowczak, is Lipski,

an activist from the Warsaw Steelworks who now is on the staff of the Presidential Chancellery. The activists from the Sendzimir Steelworks in Krakow also are watching the Belweder. There exist many other proofs that the 'Network' is politically dominated by the Belweder."

Is that bad?

"It does not have to be viewed that way," Stegart commented. "This movement includes many merited activists, good people but eaten up by ambition and discontent at having failed to rise to the top even though they are leading big organizations."

The Chairman of the Plant Solidarity Commission at the Gdansk Shipyard is Stanislaw Borowczak. His picture is shown on electoral posters; he is a candidate for the Sejm from List No. 30, and the poster gives his biographical data: 35 years old, initiator of a strike in 1980, hull worker at the shipyard, marine construction technician, married, two sons.

"He lost the elections and feels unappreciated," Stegart commented. "That is why he is leaning toward the 'Network' where he can find others like himself."

Should One Be Ashamed of Solidarity?

"Let us go to W-3," said Szwajkiewicz, adding, "This is my department, the equipment department. You shall find out what the shipyard workers really think."

The department has about 300 employees, chiefly fitters and assemblers. One-half belong to Solidarity. Just now they have gathered in the dining room to elect the chairman of Solidarity for the department. The meeting is chaired by Marian Mocko, who presents an agenda consisting of three items: election of the chairman, taking a position on the delegates to the next meeting of the "Network," and matters relating to production.

Nominations were made from the floor: the first two nominees fell by the wayside already during their presentation, but the third, Jan Szastka, gained the acceptance of those present. He was introduced by one of the most senior shipyard workers, a man with a demeanor befitting a master craftsman, who said, "Szastka is the most suitable candidate for our trade union. He was fired in 1976 for political activity, and subsequently he was defended by the KOR [Workers Defense Committee]. He is a good worker and he has not offended anyone, etc."

This was a recommendation in the good old Solidarity style.

Thereupon Szastka took the floor. He spoke briefly but pithily:

"Our objective should be to save Solidarity's prestige and adhere to the by-laws. The times are difficult and there occur misunderstandings among the region, the

national commission, and our plant committee. Membership is declining and people are losing faith. The matters have gone so far that we are beginning to be ashamed of belonging to Solidarity. We must change this!"

The audience, seated at tables, applauds. The examining committee distributes the ballots. Seated among the shipyard workers, I jot down their comments.

Ryszard Jackowski: "I have been in Solidarity ever since 1980 when I had been working at Mostostal. For the last two months I have been working in this shipyard. Were the plant Solidarity committee to hold a referendum on the breaking away from the national organization of Solidarity, I would vote for it. Solidarity should be concerned with employee problems, e.g., the promised wage raise at the shipyard."

Edyta Stecko: "I agree with Mr. Szastka that by now one has to feel ashamed of belonging to Solidarity. Life is hard and oppressive, and that is not why we had created Solidarity; it is not defending workers anymore."

Stefania Mroczek: "People complain that, while they remain members of Solidarity and hold their jobs, they are losing hope all the same."

At that moment the committee announced, "Jan Szastka was elected chairman by a definite majority of votes, and from now on he chairs the deliberations." The audience discussed the position to be taken on the delegates to a "Network" meeting and concerning the postponed wage increase.

That Shipyard No Longer Exists

"I am not arguing in favor of a one-hour strike—on the contrary, because nowadays, unlike in communist times, there is no money for a strike," declared Marian Macko at the outset.

"He is the shipyard radical," Szwajkiewicz commented.

A radical who argues in favor of moderation is a sign of the times. When the Shipyard had still been named the Lenin Shipyard, it was the cradle of Solidarity and employed some 20,000 persons. It was chiefly the young who were on strike. Nowadays the shipyard employs about 8,000 persons, serious family men and women. Mocko's voice resounds in the auditorium:

"We get the top wages on the coast and the shipyard has plenty of orders. We cannot expose the shipyard to this risk. We shall discuss wage raises at a meeting with the director, who himself also is a Solidarity member."

The audience nods approvingly.

Mocko continued, "There is one other matter: the insults to our president. I could not sleep for three nights because of the shabby way he was treated at the Solidarity congress."

Lech Walesa face on a big poster seemed to look on smilingly. There is no doubt that here in this cradle of Solidarity he is highly popular, unlike the intelligentsia member Olszewski and the intellectual Macierewicz.

After the meeting, Szwajkiewicz said, "Our members are not in favor of a secession, but they would support it were someone to say that it would be better for them. The National Commission is now working on a program which will hamper still more the plant Solidarity organizations. This will be discussed during the second part of the congress, on Saturday."

Borowczak on the "Network"

"On the eve of the congress a "Network" meeting will be held in Poznan. The entire plant committee is preparing itself for it, and I got no time for interviews," said Stanislaw Borowczak, the chairman of the shipyard's plant Solidarity committee.

"Have you seceded from the national Solidarity?"

"No, the bylaws do not permit this. But we are trying to obtain the status of a legal entity. We shall decide later what to do next—the workforce shall decide."

In the chairman's opinion, ever since the plant Solidarity committee began to concern itself with the problems of the shipyard, its authority has grown. New members joined, because the local Solidarity ceased to engage in political games and began to concern itself with the problems of the workforce. As for Solidarity's National Commission, it did not even succeed in preventing the Olszewski administration from imposing a series of increases in energy fees and former Prime Minister Olszewski declared at the congress that Solidarity was not exerting any pressure on the government.

"How shameful!" Borowczak said firmly.

"Could the 'Network' split Solidarity this coming Friday?"

"We shall see," he answered and ended the conversation. Then he added, "After the 'Network' there will be more time."

Lobby, Political Goals of Major Businessmen

92EP0587A Poznan WPROST in Polish
No 29, 19 Jul 92 pp 12-15

[Interview with Andrzej Arendarski, Marek Golszewski, Andrzej Machalski, Tadeusz Mackowiak, Marek Mikusiewicz, and Zbigniew Niemczynski, by WPROST editors; place and date not given: "Ultimatum Given by Entrepreneurs: How Do Polish Businessmen Intend To Counter the Supremacy of Employees? Are They Planning To Create Their Own Party? Will They Win Over Current Politicians? Should They Take Power in Poland?"]

[Text] The following took part in a discussion at the editorial office: Andrzej Arendarski, National Economic Chamber chairman; Marek Goliszewski, Business Center Club chairman; Andrzej Machalski, Confederation of Polish Employers chairman; Tadeusz Mackowiak, Christian Club of Employers chairman; Marek Mikuskiewicz, owner of the MarcPol company and a member of the boards of several organizations of businessmen; Zbigniew Niemczycki, Curtis International Company chairman, and Polish Business Council deputy chairman.

The editorial office was represented by Piotr Gabryel, Krzysztof Golata, Marek Krol, and Janusz Michalak.

[WPROST] The latest of the surveys which Pentor regularly conducts on our commission clearly suggest that the political class is increasingly losing the support of the public. For three months now, an unfavorable view of politicians has prevailed over a favorable one. Do you believe that you should take matters into your own hands? Should capital gain power in Poland?

[Mackowiak] For a long time now, Polish business has been trying to first of all create a strong lobby. Some are still not aware that more than 1.5 million people in Poland run their own businesses, and that the number of private companies increased by 40 percent last year alone. I am not certain that we would like to take power. However, it is very important to us that our voice get through to the people who hold power. After all, we have a lot to suggest. It is absurd that nothing can be done in a country which already has two million unemployed, in which hundreds of thousands of people are on waiting lists for apartments, and in which millions of hectares are disused.

[Machalski] To my mind, capital should not take power. The dominance of capitalists would be detrimental to the interests of all, just as building the structures of the country solely on employees and consumers would be dangerous. After all, the state cannot be one-sided. Capital, if it is to be healthy, should unambiguously define its own interests and seek to further them. However, it would be bad if it handled, for example, social welfare. The state is an institution in which various interests converge; it is the task of the state to reconcile them harmoniously. Domination by one group, regardless of which one it is, is altogether unhealthy for the interests of the state.

[Arendarski] I do not agree with the view that a homogeneous class of capitalists already exists in Poland. Private entrepreneurs are still too dispersed and too busy coping with everyday difficulties which everyone tries to handle on his own in order to set up any pressure group at all. They are also dispersed in various political parties. We do not even have common representation. In Germany, which is geographically very close to us, the economic organizations of industrialists are very strong. For example, appointing the minister of the economy

without the approval of such organizations is inconceivable. Of course, capital should not exercise power in our country, but it should influence power. However, this will only be possible once the group of private entrepreneurs has consolidated and strengthened.

[Niemczycki] The class, or group, associated with private capital will be acknowledged by social consciousness only when it succeeds in inspiring the confidence of the populace in what it does, and in itself. Such confidence can only be based on facts. Polish society is already tired of promises and the display of magnificent mirages which are not based on anything. The time has now come to account for the promises made. Therefore, the business group has an excellent opportunity to show that it is in a position to propose to our society actual changes and an improvement in the situation. We may start thinking about lobbying and an actual influence on the authorities only if we manage to gain the confidence of the public. During the last two terms of the parliament, I served on all manner of advisory and consulting teams; I consider this time to have been wasted. My advice and that of my business colleagues were hardly reflected in legislation. I believe that we should finally create a team of the most competent people who have experience in constructive work. The time of those who have won tremendous credit for destroying the previous system has now ended. The baton should be passed on to the most competent people in individual fields, those who have the greatest experience in creating, in building. This is why, to my mind, the most important point at present is to find the best professionals who would stabilize the situation in the country rather than to have government by entrepreneurs.

[Goliszewski] Let us just consider this situation: Unemployment is growing; the profits of entrepreneurs are falling sharply; the populace has no money, but there are no honest-to-goodness politicians who know what to do about it. What is to be done under the circumstances? It appears to me that under the circumstances, the group associated with business should get involved in politics. It is desirable for people who have already accomplished something and have shown that they know how to manage to be able to come to the ministries or Sejm commissions which make decisions on the economy. Therefore, the entrepreneurs should be thinking about two objectives right now: They, or their representatives, should become as strong a group in the future parliament as possible, and they should establish themselves in the critical points of the economy right now.

[Mikuskiewicz] So far, each of us has been trying to exert some influence in individual ministries on his own, through social contacts or through individual politicians. As is known, almost all of these people thumbed their noses at us at a certain moment and did not meet their obligations. So, a certain method did not work out. Why? Because we acted in isolation, each one on his own, pursuing our individual goals. I believe that it is high time to select from among us a credible representation of the community in the future political arrangement which

would succeed in convincing politicians that we care about an improvement in economic operations in the country rather than just the success of our interests.

[WPROST] It is an indisputable fact that employees are overrepresented in parliament. In turn, the representation of employers is extremely modest. Is a change in these particular ratios a key to solving the problem?

[Machalski] In relations between business and politics, the most important point is to maintain equilibrium at a time when the authorities are making a decision. The authorities must be under continuous pressure, because there will be no democracy in the country otherwise. I agree with the assertion that at present, we have a marked overrepresentation of the trade unions and a lack in representation of the interests of employers in the Sejm, though not only there. Meanwhile, both a trade union and a representation of employers should negotiate on a majority of specific matters, involving for example, the levels of customs duties or taxes. Nobody is asking us, the entrepreneurs, whether prices for fuel and energy can be increased and by how much. It is not even consumers, but rather trade unionists who speak to these issues. This is an obvious vestige of the times when the trade union represented all Poles. However, this way we combine the roles, which is absurd in a modern state.

[Niemczycki] If we succeed in increasing the number of people who identify the stability of their jobs with the interests of the employer, a force will emerge which will be in a position to oppose the dissatisfied people, ones who are now concentrated mainly at large enterprises and in rural areas. In this matter, privatization will be of paramount significance. At present, those dissatisfied are simply used in political games. In turn, enterprising people get in the way of the demagogues and cynical populists. Yet, it is the business people who change the mentality of employees, slowly but surely. In this context, it is worthwhile to note the results of public opinion surveys concerning confidence in various institutions. At present, it is the highest with regard to the Armed Forces and, indeed, private initiative. To my mind, this hinges on two issues: the stability of both these spheres and the effectiveness of operation.

[Goliszewski] Divisions within our community are our greatest weakness. So far, politicians have skillfully exploited the situation. However, recently employer organizations have, in a meaningful manner, sought to become integrated in some form. We see that otherwise we will not succeed at effectively articulating issues which are the most important for the economy. We should sit down, yet again, at a table, not necessarily a round one, come to an agreement, and make joint presentations to the authorities.

[Niemczycki] In the present situation, we can no longer afford experimentation with personalities. So far, we have been the most expensive university in the world—political activity lasts several months, and new people come to power in order to once again learn from the

beginning. We should bet on those who have already achieved something real, those who are most suitable and creative. The country can no longer afford to disqualify excellent professionals by saying that, to be sure, they amount to something in their field, but they subscribe to another political option, even if it is post-Solidarity. Our politicians have already embarked on an election campaign; they are putting the pawns on the chess board for the future elections. To them, an economic program appears to be a secondary issue. Therefore, when will we be able to bring pressure to bear on the authorities? When we become a force which politicians will have to reckon with. Under the current circumstances, we have more in common with the working people than with many politicians, and this is not at all paradoxical. At the very least, our employees are aware that they will lose their sources of support if the enterprises of each one of us go bankrupt. Only the propagation of such awareness in our society may bring about us being accepted. In that case, the politicians will no longer be able to ignore us.

[WPROST] Polish business is still divided, whereas almost six million employees belong to trade unions. What is standing in the way of your integration?

[Arendarski] The fact that very many private entrepreneurs do not belong to any organization is the result of bewilderment and the feeling of permanent danger rather than a good frame of mind. Everybody is preoccupied with his own affairs because in a week, it may turn out that his company is no more for reasons which are largely beyond his control.

[Machalski] Arrangements which bring business into governing the state cannot be created very quickly at present. However, we cannot wait until the common interests of the business people congeal in order to create their representation on this basis and to include them in managing the affairs of the country through this representation. We have to set up certain institutions and organizations to this end right now, at times in a hasty and chaotic manner. These are historically illogical actions. Likewise, it is fallacious to expect that institutions will somehow create the social group that they seek to represent. However, this gives us a glimmer of hope that business people will play a more significant role.

[WPROST] Under the circumstances, should you not consider forming your own political party or winning over some politicians, in the good meaning of the word?

[Mackowiak] An attempt to merge all business clubs is not in the cards.... For now, there is no opportunity to depoliticize business. Perhaps we should form clubs of enterprising people within the framework of individual political options in order to be able to affect their leadership groups in this manner. At present, business organizations are frequently asked about the political options they represent.

[Niemczycki] A majority of us, the businessmen, grew disgusted with contacts with politicians in the course of

previous election campaigns. I doubt that many of us will be willing to still get involved in politics or come out in favor of a specific political option. We should also be mindful of the fact that the results of the next elections are likely to hinge on those who did not vote in October of last year. The results of this phenomenon may come as a surprise to us all. I believe that the formation of a party by us would produce a response contrary to that intended—a decline in confidence in the people who have money.

[Arendarski] The issue of property should be viewed as fundamental. It is attachment to private property that brings Mr. Niemczycki and a regular shoemaker together. The growing group of managers is also a natural ally of the owners. As it were, this group identifies with employers rather than employees throughout the world. If this process persists, a real basis will be provided for increasing the influence of capital on the authorities.

[Goliszewski] At present, enterprising people in Poland do not amount to a force which would be capable of changing the course of events. It still hinges on politics. The president should have the right to select the prime minister, whereas the latter, in turn, should be able to freely appoint and recall his ministers. The government should be able to issue executive orders with the force of law, but only in the sphere of economic actions. In turn, the parliament would be able to recall the prime minister by a two-thirds majority vote, the requirement being to simultaneously present a new candidate. This is an extemporaneous but necessary solution.

[Mikusiewicz] Fine, but who is to introduce this arrangement? All attempts to merge business organizations have failed because personality disputes and ambitions of specific individuals stood in the way. I think that regardless of this, we should continue efforts to nominate a joint representation of the business world for negotiations with the authorities, since at present, when we try to negotiate, we get asked at the very beginning: Whom do you really represent?

[Machalski] We should not concentrate solely on trying to answer the question about the kinds of decisions that should be made, but rather on what should be done for these decisions to meet our expectations. Let us remember that the actual array of forces and interests plays a decisive role in this case rather than substantive considerations.

[Arendarski] First of all, state administration should be separated from economic administration in order for business people to be able to influence economic and political reality. At present, the director of a state company is seen more often as a plenipotentiary of the administration rather than an honest-to-goodness manager. All wage demands proceed from the conviction that, if funds are lacking in the coffers of an enterprise, the state will provide. The person managing an enterprise is doomed to fail from the very beginning.

Farmers' Movement 'Self-Defense' Criticized

Riot or Constructive Protest

92EP0556a Warsaw PRZEGLAD TYGODNIOWY
in Polish No 27, 5 Jul 92 p 8

[Article by Grazyna Musialek: "Grapes of Wrath"]

[Text] This time it began in Wloclawek. On Monday, 15 June, farmers blocked the Food Industry Bank. For a few hours they would let in only those who came to cash their checks, but not those who wanted to deposit their money. "A farmer and a worker are not slaves!" they yelled.

The BGZ [Food Industry Bank] in Wloclawek is located on a side street and therefore this protest did not really make the town's life difficult. Frankly speaking, hardly anybody paid any attention to this. Only the bank management worried that the building might be taken over. The police had announced that in case of trouble they would not intervene, but the bank guards could. The bank manager did not even want to hear that.

Beginning Wednesday, the farmers decided to make their protest more spectacular and they moved onto the international highway E-75. The following day, on Corpus Christi, they asked a bishop to send them a priest. They even built a small field altar, but no priest came. As a result, Zbigniew Majchrzak, chairman of Self-Defense in the Kujawsko-Dobrzynski region, led the prayers.

On Saturday, the Wloclawek farmers were joined by those from the Leszno voivodship, who blocked the Poznan-Wroclaw highway. On Tuesday, 23 June, as many as 12 highways in the whole country were blocked. In the Lublin voivodship, Self-Defense was joined by the tobacco planters, who demanded payment for their deliveries of last year, and the private gas stations owners, who, having blocked the road with their tank trucks, demanded that gas be allocated to them according to quotas. The farmers were ready to block another 20 roads.

Wednesday afternoon, Self-Defense chairman Andrzej Lepper announced that the protest was suspended. In this way he made a gesture toward the prime minister-farmer [Waldemar Pawlak], but did not give him much time: first, two days, then four, and finally, a week.

He announced that if Prime Minister Pawlak did not form a government or if negotiations with Self-Defense would not end with an agreement by 1 July, the roadblocks might be substituted by a march on Warsaw from all directions.

Tractors and farm machinery are parked on the sides of highways.

The leaders at the first roadblock, that behind Wloclawek, decided not to give up. Chairman Majchrzak even traveled to Warsaw to find out "what were those

important reasons" which made Lepper accept a temporary truce. Chairman Lepper drove to Wloclawek to conduct negotiations.

"Some people wondered already what a cozy job I've got," he said later at a press conference.

At the end, the first roadblock was supposed to be lifted for a few days. Tractors, trucks and tents camp along the road. Farmers sit in their tents and talk. They refer journalists to see their chairman Majchrzak or his deputy.

"Go back to work!" yells a driver of a passing car, waving his fists.

"If it faces hunger, even the city will understand us! Whatever happens, let it be!" says Stanislaw Bienkowski from Lubon. "Whether I sit here or at home, I don't care."

Bienkowski owns 17 hectares. Last year he took a loan for his orchard. It was a short-term (12 months), high-interest loan. Thinking that "something will change in a month or two," he decided to take it. "If I don't pay the debt now, I'll do it later," he planned, "while in the meantime the orchard will grow." Until the end of 1991 he "paid the interest on time," nine million zlotys [Z] quarterly. Then he stopped the payments. "With what?" Then he received the first and the second reminder notice, and then an offer from the female bank executive that the bank could wait three more months.

"What could I do in that time?" Bienkowski says that he has his pride and will not beg to have his payments rescheduled further.

Zbigniew Klos from Makowiec borrowed Z80 million for a combine. In the summer of 1990, he used the machine during the harvest for more than 200 hours and made 24 million, but all that was spent to pay the interest. After a few months he sold the "Bison" ("either that or the rope"), but he still had to pay back Z30 million. This year he wanted to get a small loan to buy pesticides, but the bank turned him down. "They say, they had doubts...."

Klos claims that last year he drove around the entire voivodship but could not sell his wheat anywhere.

Ireneusz Belczynski from Goluchow says that the wheat prices are nothing more than a rip-off. Belczynski participates in the protest on behalf of his son, who took a Z25 million loan to buy a tractor. In order to pay interests he had to sell a horse, two cows and pigs so far....

"He's left with one cow now."

The bank repossessed the tractor but has been unable to sell it at an auction because the debt executions have been suspended. The bank representatives keep asking his son why does he not want to work.

"With what?" Belczynski shows empty hands.

At the second roadblock, near Otloczyn, they also sit in tents.

"We are sitting here out of desperation," explains Miroslaw Ochocinski from Osieciny. "There's no reason to go home."

The source of their desperation is the fact that no one has money to pay loans back. Their debts—plus interests—have grown into unimaginable sums. Okocinski borrowed Z20 million but he has to pay back three times that amount. He grows vegetables. Last year, 20 tons of his cabbage rotted, due to the lack of demand for it. He himself plowed over the string-bean crop.

Their desperation results also from their conviction that the debt trap, in which they have fallen, was a "conscious policy of destroying agriculture."

Does it mean that their own government was destroying Polish agriculture?

"Is it really our government?" doubts Ochocinski.

Those at the first roadblock maintain that Balcerowicz received foreign rewards because he served the interests of foreign capital. The same with Bielecki. Bielecki, they say, signed a decree, according to which 12 million Poles were supposed to be "biologically decimated" by the year 2000.

"You really don't know about this, Ma'am," they wonder, "or do you only pretend?"

They say that the successive governments have been pre-occupied with feuds about cozy jobs and busy "creating economic chaos." This chaos works for swindlers. They are accountable to nobody. The state has lost Z4.2 billion on the "Art-B" affair at the same time when the entire debt in agriculture is "only" Z4.5 billion.

Bagsik and Gasiorowski are laughing in Israel while the collection agencies are trying to deprive us of our life savings, say those at the second roadblock. They also declare that they will not give up.

Zbigniew Majchrzak forecasts that there will be bloodshed in the countryside in two months.

Yesterday Majchrzak ceased to be the region's chairman and allegedly quit Self-Defense all together, but his people do not know this yet. Why has he resigned?

It appears that, according to the ex-chairman, the farmers are too soft. He was for the continuation of the blockade, convinced that no one would dare to use force against the protesters.

Zbigniew Majchrzak talks too about the alleged plan to "annihilate the nation" and about the highest authorities as "traitors involved in swindles and mafias." The region's ex-chairman owes more than half a billion zlotys to the banks.

In Majchrzak's greenhouses, cucumbers have dried out this year. There was no one to harvest the overgrown radish and lettuce either.

Majchrzak says that this spring he had a choice to either "be a slave of his work," toil from the dawn to the night, make money and pay back that Z50-60 million debt to the bank, or devote himself to the union activity. He has chosen the latter, that is the common well-being.

Mirosław Konczak, Self-Defense's deputy regional chairman, owes more than a billion to the banks. A former construction craftsman and a farmer by choice for the last two years, he tried to build a pigsty. He raised chicken in the unfinished building for half a year, but since October he has been raising nothing. The pigsty is falling apart, the construction machinery is rusting and the orchard is changing into wilderness. Konczak keeps himself busy as a union activist. He participated in the occupation of the Ministry of Agriculture since the early hours. Now he is the leader of the blockade action.

"It's over," he announces. "If they want to auction my stuff, I'll grab an ax and let them have it."

The anti-seizure groups of the Włocławek Self-Defense have recently prevented four auctions, including of the estate of Janusz Cichocki, an active member of that organization. Cichocki does not own one square inch of land, but has instead a travel agency, a transportation company, and many debts. His buses brought in scores of farmers before the auction and ... the bailiff had to step back.

The bankers throw up their hands in the air—it is difficult to negotiate with Majchrzak, Konczak or Cichocki. Themselves bad farmers, they lead a revolt. But they are not representative of all indebted farmers. The vast majority of them has made deals with the banks and tried to pay their debts back.

Ryszard Wereszczynski, BGZ's chief executive officer in Włocławek, says that many farmers fell into the credit trap in the fall of 1990. In the first half of that year, the interest rates, set anew every month, were decreasing. The bankers themselves thought this trend would continue. Beginning in September, however, the interest rates suddenly began to grow (this was related to inflation). At the same time, the purchasing prices of produce, pigs and cattle were still low—the agricultural market was slow. Those who then took major loans could get into troubles. In general, however, claims Wereszczynski, if a farmer makes an attempt to pay his debt back, the bank reaches out to him. After all, "you don't finish off your debtor."

On July 1, the Fund for Farm Debt Restructuring and Reduction, which so far has only about Z850 million, begins its operation. One of its main tasks is to help the indebted farms, by, among other things, rescheduling the interest payments in a way more convenient to the farmers.

According to Self-Defense Chairman Andrzej Lepper, this Fund is yet another "credit trap." Self-Defense representatives had refused to participate in the discussion about establishing the Fund.

"The farmers have to feel that someone cares about them. They have to feel this right now!" demanded Lepper at the last press conference.

"We believe that although God is trying us hard, he is on our side," wrote Self-Defense in its letter to the Primate.

Leader, Program Exposed

92EP0556b Warsaw GAZETA WYBORCZA in Polish
4-5 Jul 92 p 15

[Article by Krystyna Naszkowska: "New (Jakub) Szela"]

[Text] Before the farmers from Self-Defense who have been blocking an international highway near Włocławek agreed to talk to me, they asked me to introduce myself to a video camera. At the end of the conversation they handed me a journal of sorts, in which each journalist had to confirm his/her identity with a signature. All that in order, as they put it, to make journalists accountable for what, how and where they write about 'Self-Defense.' Because journalists, they claimed, write half-truths and every half-truth is a lie. But what is the truth about agriculture and the trade union Self-Defense?

According to the farmers, the truth is that in the last two years they have been the most oppressed social-professional stratum. Nowhere has the standard of living decreased as much as in the countryside. The farmers do not receive the minimum necessary to develop their farms. The truth is that all governments in the world support their farmers—they grant cheap loans to them, subsidize their retirement benefits, and guarantee minimal prices for agricultural products. Those governments understand that no country can be truly self-reliant without a developed agriculture. Therefore, one has to take care of the farmers, even though they do not contribute to the state budget as much as does industry.

Our governments do not understand this truth, the farmers say. Not only do they not give to the farmers more than to others, but often less than to others. The farmers' access to credits has been stymied. No one takes care of them. The authorities demand that the farmers abandon small, unprofitable farms and develop services in the countryside instead, but opportunities for that are not created. It all takes place in a state where the old structures still exist, where offices are filled with the same bureaucrats as under communism, and where banks are run by the old nomenklatura managers. Only the farmers are expected to have a new, free-market approach to economy. Institutions which could and should help them—banks, for example—take advantage of the farmers' ignorance of the law and lack of education. The bank chairmen, while understanding the farmers' mentality (the debt shame), propose new loans to the farmers to pay back the old ones, instead of trying

to renegotiate the debt payments (as is done by banks in the entire world). In this way the banks look all right on paper, but the farmers fall into a bottomless debt pit.

Such is reality, according to the farmers, and it is difficult not to agree with them. In their opinion, the "journalistic half-truths" begin when we move to analyze the reasons behind the bad situation in the countryside and the farmers' attitude.

According to the farmers, they are not to be blamed for what has happened. Others are to be blamed:

—The banks, which should have better assessed whether they could grant a loan to a given farmer and whether he would be able to pay it back.

—The government, which filled the shops with the long-desired but unaccessible agricultural machinery in 1990, thus having tempted the farmers to take loans in order to buy that machinery.

—The International Monetary Fund is guilty too, wanting to make us dependent on the West and deliberately finish off our agriculture. The Western governments, which get rid of their food surplus in our country, are guilty as well. Guilty is Mazowiecki, who did not know how to talk to the farmers and sent the police to deal with the first mass farmers' protest near Mława. Also guilty are the trade unions because they have not opposed strongly enough the antifarmer policy of the Solidarity governments.

Many of these farmers' grievances are justified—because none of the recent governments has presented a real program of making economic and social transformation in the countryside.

All successive ministers of agriculture say the same. Namely, that the employment structure in the countryside has to change—instead of 28 percent of the population making its living off the land (as it is today), there should remain no more than seven to eight percent.

Namely, that the owners of small, unprofitable farms ought to sell them to those who own larger estates.

Namely, that food processing and services should be developed more in the countryside. This ought to be done by the farmers who have decided to sell their land.

However, the ministers do not say that no one wants to buy land today and that those who would stay in agriculture (as well as those who would move into the service sector) need competent and willing advisors. But our centers of agricultural consulting are filled with bureaucrats who, if they had any idea how to do it, would advise themselves how to change their profession. Furthermore, all those people need investment loans with such interest rates and payment schedules that it would make sense for them to invest in new businesses. Simply stated, there are no such loans. There are some Western credits allocated by the World Bank, but these are

unaccessible to average farmers, due to a complicated procedure of obtaining them.

Therefore, the majority of people in the countryside prefers to live in their old, familiar poverty, with one cow and a couple of piglets, than risk jumping into an uncertain future. Helpless and embittered, they watch how their farms fall apart and steadily lose value.

And then, all of a sudden, Self-Defense appears in the countryside. Andrzej Lepper, a small farmer himself indebted up to his neck, as well as an excellent speaker and a born populist leader, has accomplished what the countryside expected.

Lepper has legitimized the countryside's grievances and grudges against the entire world. Lepper, as the union's chairman, does not attempt to analyze the entire economy. Instead, he only talks about what the farmers have the right to expect, demand and seize, even against the law, if their demands are not met.

Thus, they have a right to strive to satisfy their needs without paying any attention to the rest of society. Having named his party "an organization of the wronged people," Lepper has divided Polish society into two groups—those who do the wrong, and those who are being wronged. Unequivocally, he has sided with the latter.

The wrongdoers are in the government, they are directors of companies (that steal from the Treasury), they are the bank chairmen. The wronged ones need not worry about the interests of the wrongdoers. It is the wrongdoers who are responsible for the budget deficit, for the masses of unemployed, and for the high prices of goods. The latter, the wronged ones, should fight against the former, the wrongdoers, and any style of combat is acceptable.

The bad farmers, those who wasted their loans, are no more. If a farmer took a loan to build a pigsty but could not finish it because he bought a car and furniture instead, this is not his fault. "No one can prove that you've spent the credit money for consumer goods," says Lepper. Why were the farmers taking loans in the beginning of 1990, when the monthly interest rate was as high as 40 percent? "Because they trusted Balcerowicz," answers Lepper. And the others repeat his words with content. "Why did Balcerowicz promise that the interest rate would decrease? He cheated the farmers; hence, they don't have to pay their loans back now."

Lepper, the defender of all who have been wronged, does not limit his concern only to the farmers now—others deserve cheaper credits too, cheaper than the state budget prescribed them, with a 12-percent interest rate, for example. That everything will have to be paid for from the pockets of the rest of society—well, that's o.k.; after all, they're the wrongdoers.

Lepper has been able to promptly publicize his demand for privileges underwritten by the rest of the society. He

began in November 1991, with a hunger strike on the Sejm's lawn, where all representatives, senators, members of the government, and journalists could see the protesting farmers for two weeks. Then and there, mercilessly and without mincing the words, he assaulted the then-Speaker of the Senate, the union leaders, and the government. (He still does it, because "one has to publicly castigate incompetent people." He does not hesitate to call the minister of agriculture "a swindler and a thief.") About the president he says that "his deck is not full.") He will neither get involved in petty political games nor ally himself with other parties and unions. It appears that not only his opponents but also Lepper himself has come to believe that he has a historical mission to fulfill and that he will safely lead the masses of the wronged ones through the Red Sea of their suffering.

Thus, the farmers have a right to take over a public building and occupy it for several weeks, covering its walls with graffiti offensive to the host of that place ("There was one stupid Gabrys"). While occupying the Ministry of Agriculture they complain that there aren't enough rest-rooms there and that its inner yard is separated by metal barriers, as if it were a "livestock corral." They are enraged when the minister of agriculture orders that Self-Defense sympathizers coming to the building be screened, so as to prevent them from joining the occupiers.

They have the right to set roadblocks on any highway in the country. Only their goal matters—to force the government, under the threat of paralyzing the whole country, to grant privileges to their narrow social stratum: cheap credits, the virtual cancellation of unpaid debts, and the fulfillment of various local demands. They have a right to defend themselves from state officials; hence, they organize combat groups. Anyone who has been wronged has the right to ask Lepper's troops for help. It is not anarchy, Lepper assures his proponents. "It is the authorities who are introducing anarchy in the country, by not respecting agreements signed with us earlier."

What do they want? "Justice and normality," says Lepper, while his proponents, depending on their education, political views, and age, add more demands—cancellation of debts, prohibition of food imports, abolition of taxes, making the Ministry of Internal Affairs archives public, and the replacement of all bank chief executive officers.

Although Lepper started his Self-Defense by admitting in only the farmers who were unable to pay their debts, by now he has proponents among good farmers who are not in debt, among PGR [state farm] employees (as well as their managers), in the banks, and in those Boards of Directors where farmers are seated. (There is even a bank which decided to donate a part of its profits to support Self-Defense.)

In the scale of the whole country, the number of indebted farmers unable to pay back their debts is minimal (.89 percent of all farms, according to the data provided by the banks), but Self-Defense's demagogic slogans have fallen into a very fertile ground. Balcerowicz's reforms took farmers by surprise. To tell the truth, most of them don't know even now what the restructuring of agriculture means and how to go about it. ("Let someone finally come to us and explain what's going on," said the farmers near Wloclawek.)

They didn't believe that after years of protective communist rule, the times of debt cancellation and low, steady interest rates were over. Therefore, many of them—although they had known about the planned, huge interest rate increase which was supposed to go into effect on 1 January 1990—did not pay their loans on time, loans that they had obtained in accordance with the old rules. At that time they still could have done it without ruining their farms.

Other than the private craftsmen, farmers constituted the only professional group in the communist period that alone took care of its interests. This perhaps misled economists in Mazowiecki's government. They hoped that farmers would be the first to adjust to the free market. But something else happened—Balcerowicz's free market differed too much from the free market of Gomulka and Gierek. After a period of euphoria in the first two months—when produce prices sky-rocketed while the prices of the means of production remained low—the farmers underwent a shock in January 1990 from which they still haven't recovered. It suddenly turned out that the prices of tractors, electricity, fuel, furniture, and cars went up as well. What was worse, food prices couldn't go up any further because the massive food imports impeded the sale of domestic food, a problem which continues today.

The farmers felt that they were doubly betrayed—by the authorities and by consumers. The latter loudly complained that Polish milk and cheeses were not tasty. They reacted with laughter to the hunger blackmail against the cities—they could always import cheaper, tastier, and more neatly packaged food from the West.

None of Lepper's proponents sees or wants to see that Self-Defense's path leads into an abyss, the abyss of lawlessness and anarchy. He comes up with phony solutions which are nothing more than criticism of whatever the government has done or intends to do. With the silent approval of the government (for who would send the police against the farmers today?) and the president (who has made Lepper a "saint" through his support), Self-Defense's chief has become one of the most popular people in the country. Not only the farmers know him today. Poland at the gmina [rural township] level, employees of state farms, bureaucrats who make two million zlotys a month, and workers in the cities know him too.

Lepper estimates Self-Defense's membership at 250,000 people. No one really knows how many of them there are. They say about him, "the peasant Tyminski," "the Red Lepper." Where will he lead his envisioned uniformed and armed national guard tomorrow? He says that he wants to take power in this country in a legal, parliamentary way. But he has chosen an illegal path to reach that way. Will it be effective?

Improvement of Image of Military Career Sought

92EP0579B Warsaw POLSKA ZBROJNA in Polish
16 Jul 92 p 3

[Article by Colonel Michal Ficyk-Bej: "Humanization in Military Reality"]

[Text] A lengthy discussion about democratization and humanization of the military service has not altered in the least the realities of military life, and has been only a smoke screen, covering up the genuine processes that head in a wrong direction. The exchange of opinions amounts to nothing more than the promotion of views of enthusiasts who want to be seen as defenders of lofty ideals, whereas in fact they slow down constructive activity and numb the responsibility of the authorities. The latter are supposed to inspire a transformation that would lead to the most rational placement of the armed forces within the general national structures.

From the point of view of the army and the national defense, one would have to consider particularly harmful a statement, according to which "the first and most important goal of humanization is to diminish the society's antipathy toward the army," which allegedly could be accomplished through liberalization of the law, regulations, instructions, and rules of the military life.

Many practical operations have been undertaken in accordance with this general principle, which has often amounted to shooting oneself in the foot. Mjr. Grzegorz Knasik, a representative of the middle-age professional military cadre, wrote about this openly and without hesitation (POLSKA ZBROJNA, No. 98, 1992). I do not intend to propose that a punishment for the repeated offenders—service in the penal companies—be reintroduced, but I have to say that the new discipline law has little to do with reality.

That reality—so called disciplinary practice—is full of occurrences that are diametrically different from the expectations of lawmakers, reformers, and proponents of improving the discipline through an active therapy ... in the realm of effects. The youth's antipathy toward the "venerable duty" is as high as always. Eighty five percent of those polled express a negative attitude toward the military service. Of those, a decisive majority (78.1 percent) considers the service to be a waste of time—"a blank spot in their biography." The index of criminal activity in the army continues to be high, which, by the way, is nothing usual, compared with the all-country index. The only result of the new law is a double increase

of crimes, described as "the violation of the conduct principles towards subordinates."

At this point one can repeat stoically a hackneyed truth that the military service has its own rules that cannot be neglected or ignored altogether through so called principle of the execution deferment. Because a partial cancellation of the disciplinary prerogatives of the lowest level superiors (squad and platoon commanders) is nothing less than such a deferment. However, this is only a formal-legal deferment. In fact, the superiors still enforce the necessary compliance of their subordinates. They do it with extra-legal means. Thus, within the framework of humanization, some disciplinary measures have been substituted with the fist blows and mob law. This practice is strengthening a bad tradition in the military community, which stems from the fact that—although the individual human rights are a supreme value of humanism—each community can use its superiority to its advantage, in order to enforce the subordination of the weaker ones. That puts the young draftees in the position of pariahs as far as the law is concerned.

I admire the participants of the ongoing discussion for their diplomatic mastery in avoiding the crux of the matter when making their points. I am amazed by their ability to bring up to the surface second- and third-rate issues. I am shocked by their tendency to overemphasize effects while underestimating causes of the negative phenomena in the army. I see all these traits in the elaborated thesis about "society's antipathy towards the army." One has to have great imagination indeed to characterize the narrow political elites with their minimally developed state-oriented consciousness as the society. The latter, in fact, or at least in accordance with the surveys of CBOP [Public Opinion Research Center] and OBOP [Public Opinion Research Station], bestows its supreme trust and respect upon the army. One cannot identify a part of population, that is, people in the pre-draft and draft age, as the whole Polish nation.

As far as the youth's attitude towards the army, I think that their description of the barrack life is as concise as it is precise. It appears that the military service has indeed become "a blank spot in one's biography" for many youths, given today's legal status of that service. Does it leave a positive impact on their personal and professional experiences? Does it give them any privileges with regard to those who have avoided the "venerable duty"? Do they—having done their duty—thus become citizens who are "the first among equals"?

One could give negative answers to all these questions. Acting in an intellectual blindness, one could also conceive another hackneyed truth: "The success of humanization depends on a massive effort, designed to transform the consciousness of professional and non-professional soldiers, which—in turn—would allow to transform social relations within the army."

One would like to say to the author of this claim: "Dear colleague, you will be right if you substitute the words 'soldiers' with the words 'candidates for soldiers'."

As of now, correct are those who leave the professional service before their retirement age, having been branded as a particular type of "lepers" by their civilian superiors. Neither far from the truth are those who, having finished their obligatory service, are suspicious of their peers—draft dodgers by choice or circumstances. They will be right as long as the state law treats the army as some kind of a foreign body, ruled by a completely different set of social relations. The latter are supposed to be an expression of the internal transformations of consciousness, which phenomenon is allegedly related to the intellectual struggle of the military themselves.

I think that in order to find a common ground, one has to diffuse not so much society's antipathy toward the army as the antipathy of all potential draftees. This can be accomplished only when the military service becomes one of many steps in one's life-long professional career, and when the state of law—without dispensing too many privileges—would firmly keep a balance of rights and duties.

The problem of the professional cadre's attitude towards humanization has the same roots. I think, therefore, that the cadre should not be kept at bay by charges and imputations about its egoism, narrow group interests, and welfarism. Humanization in the army should be solicited at the source—where motivations to action are born. The above mentioned defects will not disappear entirely by themselves—they will never surrender to selfless altruism.

I will not argue whether it is necessary to transform consciousness first and only then provide the army with proper material means in order to succeed fully in humanization of the military service. The anecdotal dispute about what came first, the egg or the chicken, is illuminating enough. Despite the difference in opinions, one thing seems to be sure—no cybernetic system will function without the power supply, as scientists say.

This leads to a conclusion that also the army has to have a constant supply—of people. And the supply of this stream of energy will depend on how attractive is the state's offer to its citizens, made on behalf of the well-meant national security. No extreme options are desired in this regard. The extreme solutions will lead to a situation where the army either drains all society's brainpower or becomes an oasis for losers.

The authors of some of the humanization postulates appear to favor the latter, extremely harmful option, while recommending that preventive efforts against abuses to be undertaken in the army itself, that is in the sphere of results.

Meanwhile, I think that what is necessary is a new attitude towards the army's role, tasks, and functions

that would take into account the current political-military situation in Europe and the world, as well as the army's position within the domestic state structures. The majority of the professional cadre is aware of that, which cannot be said about some intellectual-political circles.

Therefore, one has to talk openly about dangers resulting from attempts to isolate the army from the rest of the society, even if it were only attempts to waive a constrictive legislative initiative. That what is in fact happening when the army is being fed hackneyed truths and when intellectuals are busy with the substitute military topics—humanization and democratization, undertaken in an organizational and financial vacuum.

At the same time, one has to influence and inspire the intellectual and power elites, as far as their consciousness and the will to act constructively are concerned. According to Kazimierz Pomian, professor at the Paris Center for Scientific Research, these elites face today one of the most important tasks—the forging of a state-oriented consciousness and—inseparably from it—respect for the law by the lawmakers themselves, the administration and citizens.

All other actions, empty declarations, and so-called good intentions of political parties struggling for power have already put Poland in the ranks of the most demilitarized countries in Europe and the world. Tomorrow they might take our country on the real road to hell, paved only with good intentions of humanists and crazy democrats.

Critical Evaluation of Draft Electoral Law

92EP0580A Warsaw TYGODNIK SOLIDARNOSC
in Polish No 29, 17 Jul 92 pp 1, 4

[Article by Witold Kalinowski: "They Elect Themselves"]

[Text] Polish politicians are speaking with increasing frequency about new parliamentary election laws. These comments are associated, not without reason, with the deep political crisis in which the country finds itself, with the ineffective attempts to form a strong or even just a durable government. Public opinion shows similar associations with the appearance of the first proposed new electoral law presented in the Sejm by the Democratic Union [UD] at the height of the June fever.

Without entering into the actual motives and intentions of the leadership of the Democratic Union [UD], one must say that this proposal appeared at just the right moment regardless of whether the current Sejm is dissolved early or whether it last the entire four years. The practice of democratic countries shows that electoral laws created at the last minute prior to elections, almost without exception, serve the immediate interests of the most active groups and not the development of a lasting, efficient political system beneficial to the country. Thus, it is worth thinking about the law and discussing it now, and it is good that the issue has been placed on the

agenda for Sejm deliberations. Other than this, however, nothing good can be said about the initiative of the UD.

The proposal differs from the previous election law only in two essential points. First, it calls for a so-called qualification threshold: parties which win less than 5 percent of the total vote will not become part of the Sejm. Second, it calls for election of one-fourth of the Sejm—115 deputies—on majority principles. The current Sejm was elected wholly according to proportional representation.

By introducing the five-percent threshold, the project's authors intended to limit the number of parties present in parliament and are counting on being able to form a majority coalition in a smaller group. Theoretically, they are right. They did not take the trouble, however, of looking at the actual figures, at the actual results of the last election. In these elections, nine groups crossed the five-percent threshold, and another was very close to this threshold. And it is the tenth one that is the source of the permanent political crisis. The remaining 19 parties in the Sejm do not have and cannot have any influence on the creation of a parliamentary majority, if only because these parties have in all about 40 seats and are not in the least inclined to unite their votes even in the most important issues.

The Unsurpassable Five?

A survey recently conducted for RZECZPOSPOLITA showed that the support of voters is today distributed in almost exactly the same way as it was in October 1991. Thus, if new elections were declared according to a proportional election law, even with a five-percent threshold, the new Sejm would probably include 10 of the same parties that are playing the largest role in the current parliament—with the same people, with the same conflicts, with the same inability to compromise and form a majority coalition. To make matters worse, the independent deputies who perform such the immeasurably positive and needed role of the child in the fairy tale who sees that the king is naked and has the courage to say so would disappear from the Polish Sejm.

A parliamentary majority, and so a majority government, is easiest to build where only two large, significant groups sit in parliament. It is more difficult, although obviously possible, where there are three to five groups. Contemporary political practice does not know, however, a case of effective operation in a parliament in which 10 parties play equal, significant roles. In Poland, too—especially in Poland!—it does not appear that the number five can be exceeded. A proportional law, however, will never reach this number when the political scene is fragmented. A further increase in the qualifying threshold (even if, the Sejm agreed, which is very doubtful) would only lead to an immediate, electoral coalition of the "strong" who immediately after taking their deputy oaths would reappear in the hall as 10.

The second change proposed by the Democratic Union [UD] raises somewhat more hope: election of a portion

of the deputies according to a majority election law. The proposal's authors are counting on achieving a majority representation in this way: people who are most popular in the districts would become deputies and not half-anonymous activists of the strongest, richest, and loudest drawing rooms of the central district of Krakow. And that would surely be the case if the majority principle covered a significant portion or even better all of the deputy seats. Meanwhile, under the proposal of the Democratic Union [UD], 75 percent of the seats are still awarded on the basis of proportional representation. One might expect then that this proposal will encounter severe criticism in the Sejm.

And behold, it has been criticized. But the direction of the criticism essentially avoids the expectations of the voters. The Sejm commission to which further work on the proposal of the UD was assigned, at the very outset decided to remove the majority representation portion and return to purely proportional representation. At that moment, the commission might as well have dissolved itself: Why waste valuable deputy time in order to consider the details and to consider whether the method of calculation of Hondt, Schomndt, or Afrondt is better inasmuch as all that was done beautifully by the author partnership of Geremek, Cierniewski, and Gebethner over a year ago?

Why write a new proportional representation law, since the one we already have has produced such outstanding results in the Sejm's work?

A reader who has not only heard of five-adjective elections, but is also capable of listing the adjectives will surely be surprised why I am so unkind to the principle of proportional representation. For it is a very noble idea, guaranteeing each social group participation in governments and not just in elections every four years.

Not a Government, A Nongovernment

It is worth noting, however, that many countries with a long, developed democratic tradition, although they promote the idea of proportionality in school textbooks, do not use it in political practice. It turns out that sometimes, after many years of painful experience, a government in which all parties are represented proportionally in terms of the voters is not a government, but a nongovernment.

That has also been our experience recently. Countries in which all of the most important economic, social, and especially legal questions have long been put in order can permit themselves proportional representation; in them the problem now is to maintain that order and to see that no one violates the interests of others. In such countries, as President Walesa recently observed, everything goes best when there is no government, for no one disturbs the self-governing citizens.

We are not in such a happy situation. In Poland, a unified legal, social, and economic order must now be created. Poland needs a government acting according to

a coherent, systematic, internally noncontradictory program. Only a parliament in which there is a clear, enduring majority can create such a law and form such a government. But such a parliament can be formed only on the basis of majority representation.

We Need Majority Representation

Furthermore, additional conditions must also be met.

First, the elections must be held in single-member districts. Only then will the game be for everything in each district: Either my candidate wins or falls out; either I will have my representative in the legislative body of the state or not. In multi-member districts, however, it is possible to reach local pre-election agreements: "We will support your two candidates, if you support ours." As a result, in a 10-member district, representatives of seven or eight parties enter the Sejm. If this procedure is repeated in other districts (and it will surely be repeated!), then in the hall on Wiejska street, the "10 strong ones" will again take their places. Single member districts can limit the number; they eliminate from the game parties that have been discredited for various reasons: the districts, which will elect a candidate from such a party as their representative can be counted on the fingers of one hand.

Second, a second-round election is essential regardless of the costs. If the number of candidates for each seat is greater than two (and given the politicians' current enthusiasm, that appears certain), then the winner of the first round will regularly receive less than 50 percent of the votes cast.

Analysis of individual results in the last parliamentary election shows that, in very many districts, the winner belonging to a weak or even completely unknown group gained 10-15 percent. The presence in the Sejm of such "representatives" would obviously and unacceptably multiply the number of deputy clubs. If we want the number actually to decline—and that is for the proper operation of a state an issue of life and death—we must introduce second round elections into the law. Then from the two 10-15 percent winners of the first round of elections, the voters will choose one now with more than 50-percent support.

Just the introduction of these principles, however, does not exclude the possibility that in many districts local screamers will be elected and as a result not nine, 19, or 20 deputy clubs will function (?) in the Sejm, but 99 deputy clubs. But there can be no more than five strong, politically significant clubs.

That Requires Work

That, however, requires intense work by the leading parties in the local areas. Work not only during the last months of the campaign but also during the entire term in office. Elections according to the principle of majority representation can lead to success only for a party that can show in each local community what it has done for

the community and what it will do for the community tomorrow. One must work hard for four years, as candidates for deputies, for example, in England, in order to gain the favor of a majority of voters in a single-member district. If, however, a party goes to the trouble, again as in England, it can gain even an absolute majority in parliament.

Here is where the bone lies buried. Proportional representation does not in the least force candidates to make such efforts. Here it suffices if the party has a couple of "electoral locomotives": heavy-duty talkers, who effectively advertise the party's program on television even if there is no such program. A candidate on the party list can spare himself actual work in his electoral district, the difficulties of campaigning, even meeting with the voters. The golden-tongued leader in Warsaw takes care of everything for him. Obvious a candidate feels better when he is himself such a golden-tongued television speaker, and best of all when he is already a deputy.

Whoever Has Gets More

In this light, the Sejm commission's vehement dislike for majority representation and equally vehement support for proportional representation becomes completely understandable. The commission is taking care primarily that the new law ensure the reelection of the previous deputies. Its actions in this direction are systematic. In its second move, the commission restored the national list. In the third resolution, it adopted important privileges for parties which have at least 15 seats in the current Sejm: They will be relieved of the obligation of collecting signatures for their lists. (In many ways, it would be most reasonable to relieve everyone of this obligation and to demand instead, as Janusz Korwin Mikke proposes, large deposits of money for each candidate.) One can foresee that the commission's next moves will call for assigning the strongest parliamentary clubs the largest number of free—that means paid for by the taxpayers—time on television. Whoever has gets more.

The commission is not too worried that such regulations must lead to the recreation in the next Sejm term of the membership of the current Sejm or in any case of its party structure. The commission clearly accepts the political instability of the state caused by such a structure. The commission, headed by Deputy Krzysztof Krol from the most anti-communist party in Poland, is also not disturbed by the fact that thanks to the proportional law at least 20 percent of the Sejm seats will again be filled by, I quote, "paid traitors, Russian pawns," end of quote.

The commission suspects, however, that all this does not please society. Thus, Deputy Krol appears every few days on our television screens in order to persuade with his pleasant face that the law fabricated today by his commission undoubtedly ensures our country a durable, stable majority government. That Sejm will be best that elects itself.

Is there some way out of this vicious circle?

Probably only one: Assign work on a new election law to some specially chosen body whose members neither hold deputy honors nor aspire to them.

Recently, I presented this idea to a few deputies of one of the main Solidarity groups.

They laughed me out of the room.

[Box, p 4]

In the next issue, we will present an trial simulation of the results of the elections of 27 October 1991 conducted according to the current proposed laws: proportional representation with a higher or lower threshold, majority representation with one or two rounds, in single-member and multimember districts. We realize there is risk in such undertakings. In particular, the behavior of voters during the second round, inasmuch as it is not known if they would participate in a second round, can only be assumed. Only practice, new elections, can show whether these assumptions were correct.

Banking System Development, Reforms Noted

92EP0540A Warsaw *POLITYKA* in Polish
No 26, 27 Jun 92 pp 17, 22

[Article by Andrzej Mozolowski and Witold Pawlowski: "The Incomplete Revolution: 83 Banks Operate in Poland!"]

[Text] Concerning the Polish banking system, the most diverse opinions are expressed. First, it does exist, and many consider this by now a big success. Within three years dozens of banks, a veritable spate of commercial, foreign, and private banks has bloomed in the banking desert. They bear new names, which are still difficult to remember considering that formerly there used to exist only three banks, the National Bank of Poland, the PKO S.A. [Polish Security Bank], and the Pekao [General Savings Bank] and not much more. The new bank buildings are impressive with their brass tablets, steel-and-graphite furniture, extensive electronic equipment, and potted plants—the banks are of a certainty the most elegant structures in our neocapitalist landscape. At the Banking Center, housed in the former edifice of the PZPR [Polish United Worker's Party] Central Committee, it is a big world where men wear elegant dark suits and women colorful business suits and the elevator smells of perfume instead of the traditional canteen cabbage soup.

Thus Poles can do it after all: Once this was made possible, they also entered upon the banking domain, emulating the city of London or New York's Wall Street.

On the other hand, any entrepreneur, state or private, when queried at random, can be heard to say that the banks are the weakest element of our rudimentary market economy, with their old-fashioned slowness, incompetence, failure to catch up with clearing operations, horse-and-buggy era equipment, and personnel

that are about as well-trained as postal service employees. In a word, the banking system definitely lags behind the new needs.

Public opinion tends to favor this latter opinion. So far the banks do best at accepting money and publishing newspaper advertisements in which they vie to offer higher interest rates. But if a person is in trouble and needs a bank loan, he has to go through hell.

But that is not all yet; the professional press is replete with accounts of the banking crisis, of "bad loans" granted by the banks, and the poor financial situation of the banks. Then also there is the beginning of the crisis of confidence, following the banking scams and the decision to put the Bank of Commerce and Credit in Katowice under receivership or to appoint a board of receivers for the Lodz Development Bank, Inc. To be sure, such things are no rarity even in countries with traditions and a stable banking system. But in Poland we still are not accustomed to such happenings, so that any such event causes bad blood.

Well then, what is the overall situation of the Polish banking system?

Giants and Novices

Incontestably this system has undergone a far-reaching reform, one that was besides initiated as early as in 1986 by the decision to split up the PKO-State Bank and the NBP [National Bank of Poland], which was the first step in preparing the "monobank" NBP for the role of the central bank, the father of all banks and the creator of the overall money policy. Then work also commenced on suitable legal regulation of the system—work that has not been completed to this day.

The next stage was the isolation from the NBP, early in 1989, of nine new state commercial banks (that is, joint-stock treasury companies), formed from NBP branches in Gdansk, Katowice, Krakow, Lublin, Lodz, Poznan, Szczecin, Wroclaw, and Warsaw. The nine inherited their office space from the NBP (and soon began to build their own local network), along with customers and their obligations and accounts receivable. They also were provided by the NBP with suitable capital for their launching. For a time, to avoid mixups, old customers were assigned to their banks and had no right to choose. After several months, competition and free interplay of market forces began to operate. That idea anyhow, the idea of independent banking activities by the banks themselves at their own risk and for their own profit, was the guiding idea of the breakup of the NBP Moloch.

Within that group of banks little has changed till now. The NBP has become a genuine central bank, the emission bank deciding on the amount of money on the market (that is, deciding on the money supply), although in practice its independence is still curtailed (by the government and the budget). The NBP still maintains operational departments, including a foreign exchange

department, and services the budget units of the central budget as well as local budgets (though it is gradually withdrawing from these operations). The list of 15 state banks (of which 12 are joint stock treasury companies) includes, in addition to the abovementioned nine, such giants as the PKO BP, the Bank of Commerce in Warsaw, Inc., the Polish Security Bank, Inc., and the latest and smallest of these, the Export Promotion Bank, Inc., with this last bank soon to be privatized.

The Food Industry Bank [BGZ] (owned jointly by the state and cooperatives) still associates a majority of the 1,660 small, local cooperative banks serving chiefly farmers and small producers—although here and there structural changes are taking place and a growing number of banks depart the aegis of the Food Industry Bank: the Wielkopolski Economic Bank, a competitor, already associates more than 300 cooperative banks, and two other banks grouping small producers have been established.

The Lodz Development Bank [LBR], which was launched early in 1989, was the first of a new kind of bank: bank-corporations with the participation of private capital, and has served as a model for their vigorous growth.

By the end of 1990 as many as 53 nationwide banks, of which 30 had the majority of shares owned by private capital, already were operating.

A year later there were 66 banks: new private banks as well as 10 banks with foreign capital were established.

The largest private banks, grouped according to their capital stock, are listed below.

Private Banks in Breakdown by Capital Stock
(in billions of zlotys)

Credit Bank	228.3
Bank for Economic Initiatives	142.9
Agricultural Development Bank	110.0
Agrobank	99.4
Prosper Bank	65.2
Bydgoszcz Communal Bank	65.0
Bank of Tourism	61.2
Investbank	60.0
Posnania	48.8
Staropolski Bank	30.3
Leonard	25.5
Gliwice Bank of Commerce	23.4
Warsaw Western Bank	21.9

Note: As of 31 December 1991.

Altogether, the NBP has so far granted 91 licenses for establishing banks. Eight banks are still in the organizational stage and the validity of several of the licenses may

expire unless the banks concerned are established in time, so that the actual total of operating banks is 83.

Quantity Will Become Quality

The list of foreign banks (in eight of them foreign capital holds the majority share) begins—chronologically, because it was the first—with the American Bank in Poland, Inc., that is, Amerbank. Especially dynamic are the Reiffeisen-Centrobank, Inc., and Bank Creditsanstalt; Citibank Poland, Inc., is growing apace; the First Bank of Commerce, Inc., in Lublin, which is particularly notorious (owing to the Bogatin Affair [meaning an embezzler who fled to Poland from the United States]); and especially original, the St. Stanislaw Polish-Canadian Bank, Inc. In addition there is the Solidarnosc Chase D.T. Bank, Inc., in Gdansk; and the First Polish-American Bank in Krakow, Inc.

Furthermore, three foreign banks—American Express, NMB Bank, and Societe Generale—have established branches in Poland, but they service only customers with foreign accounts.

In addition, there are 15 offices of large foreign banks in Poland which watch the situation here and may become more active in our country. They would be very useful anyhow, because it is no secret that the foreign banks currently present in Poland are not so much a significant segment of the banking sector as proof of interest in our country.

The wave of new bank openings is gradually ebbing as, besides, the minimum capital stock requirement has nowadays been raised to 70 billion zlotys [Z]. We are told that, given the considerable floating domestic money supply, candidates for opening new banks now prefer to invest their capital in the already existing banks. This is a good illustration of the—Marxist as it were, embarrassing to say—trend of quality replacing quantity. That is because the number of banks, large as it may be, in itself still means nothing, representing rather seeming wealth.

The new private banks are mostly small and barely gaining a toehold on the market. They are small in their capital stock (that is, the capital invested by their owners in them): the combined capital stock of all the private banks certainly cannot match the Z55 trillion in capital stock of PKO, Z49 trillion of Pekao, Inc., or even Z10.8 trillion of the Bank of Commerce. They also are small in the number of branches: in that league 20 branches is considered a big success, as compared with the ramified structure of the many giants among the state-owned 15 banks.

To sum up, private banks have a “small, upward-creeping share in the banking market” and offer competition in small short-term loans and deposits, which is important as a symbol of market changes, as the beginning of a long road to normalcy, but not much more than that.

In addition, the private banking sector is greatly diversified; there exist banks with a relatively extended network of branches and limited capital alongside small banks with surplus capital and a modest number of "teller windows" [branches], which operate as wholesalers toward the first-named banks. One-half of their operations (in terms of value) is in interbank services.

When Sparks Fly

Critics say that this demonstrates the incompetence of the banks, in that they mainly circulate money among each other because they do not know how to invest it better. The whole thing may be especially dangerous should one of the banks founder, because under particularly unfavorable circumstances this may cause a domino effect, that is, an entire series of bankruptcies. But banking circles view this as a most positive sign demonstrating the growth of the interbank market and the banking system in general. "The banking system has taken root. This will facilitate future concentration," said Marian Krzak, chairman of the board of the Association of Polish Banks.

There has even arisen a Polish "short-term money market," something well-known in the developed countries—a one-day, three-day, one-week market, meaning money loaned for a brief period of time by one bank to another. Classic banking textbooks recommend setting aside one-third for loans, one-third for investment in interbank operations, and the remainder for investment in government bonds.

If we also consider the recession, the market problems, the troubles of the debtors, and the competition among the banks, and lastly the NBP's requirement that the banks achieve, by the end of 1993, an at-least eight percent coefficient of solvency (ratio of capital stock to loans granted), that is, that they augment their capital stock, it will be clearly seen that a "period of concentration," that is, of buyouts and mergers, is bound to come for the private (and certainly also for the state) market—a slow but steady period.

That has besides happened in the developed countries, whose road we are following, and in the field of banking services we exist somewhere in the late 1960s and early 1970s. Incidentally, these changes will also be required by the process of integration with the EC and the sharp competition from European financial institutions when we shall slowly abolish the capital-flow limits.

There will have to be fewer banks but many more "teller's windows," that is bank branches which in the West can be encountered at every street corner.

It used to be much easier to consider such investments and growth in the unusually successful—too successful, according to critics—year 1990 when the extremely high interest rates (too high, according to critics) meant to the banks a rapid turnover and extremely profitable deals. A year later the profitability of banks dropped to below 30 percent from 70 percent; then the "bad debts" (i.e., those

in so-called Categories 4 and 5, dubious and uncollectable) proved to be much greater ballast than a year previously. What is more, they have piled up and now they account for about 20 percent of all loans granted.

Experts point to a classic explanation. They say, "This is a typical process of spread of the crisis, from the sector of state enterprises to the banking sector." When enterprises are in trouble, their bankers must be in trouble too. And they add that this reverberation of the crisis has pointed up the feebleness and cumbersomeness of the banking system, characterizing the banking sector, of which the state banks, even when converted to Treasury ownership, are an inseparable part, and which have in addition inherited old debts.

For the nine state commercial banks the share of uncollectable debts has risen from 9-20 percent in June 1990 to 24-68 percent a year later, and at present for some banks it has exceeded 70 percent.

Also dangerous is the "concentration of accounts receivable," that is, when large loans exceeding either Z10 billion or, in the case of one borrower, 15 percent of the borrower's capital stock (the new regulations will prohibit this), account for 70 percent of all loans granted by a bank. For then the bank becomes largely dependent on the solvency of one or a few customers.

Total Credits (in trillions of zlotys)

Enterprises	187.2
—Of which: The socialized sector	150.6
—Of which: Foreign-exchange credits	5.8
Farms	4.5
Households	9.7
—Of which: Home-building loans	1.5
Consumption	8.2
—Of which: installment-loan purchases	3.1

Note: As of 31 December 1991.

If something goes wrong with these borrowers, a bank may be in big trouble. In the case of many small borrowers the bank's risk is correspondingly smaller.

Only 24 of the 68 investigated banks, as recently revealed by an audit, have not granted any such "big" loans, while at 14 banks the sum total of big loans granted was more than four times as high as their capital stock, that is, it has overshot a very risky ceiling.

The number of banks has grown, but the needs have been growing even more rapidly. In the last three years, 1.1 million new businesses have been established and they need banking services. What is more, these businesses are of a totally different kind than that to which we have been accustomed. "We were accustomed to cumbersome but solid state customers, but now there have appeared

various companies which are trying to outsmart the banks," said one banker. They are succeeding in this, whether by observing law or by crossing its boundary line.

Jacek Merkel, chairman of the board of Solidarnosc-Chase D.T. Bank, said (when interviewed by GAZETA BANKOWA), "When banks, with their present possibilities, collide with dynamic and rapacious companies, sparks fly."

This mutual mismatch also consists in that while, on the one hand, it was unusually easy to obtain credit without adequate guarantees (lack of experience, sweetheart deals), and on the other, it is unusually difficult to obtain credit, because banks, being once burned and twice shy, are either very selective or have no more funds to lend. On the one hand there is that big demand for credit and on the other, huge sums, chiefly those from foreign aid, available for this purpose are not being utilized.

Logically Speaking

The situation—in a distorted oversimplification—is as follows: the big, ramified state banks have big problems in getting their debtors, chiefly state enterprises, to pay up. They are stuck. In addition, in many such cases politics are involved: the Bank of Silesia is owed money by nearly the entire Silesian heavy industry. Another bank is similarly owed money by nearly the entire Lodz light industry. The Universal Credit Bank was owed money by the tractor plant Ursus, which resulted in the firing of its chairman following the memorable visit by Premier Bielecki.

In their turn, private banks, still new to the scene, while more flexible and not as liable to credit limits as the state banks, are simply incapable of doing much as yet. Their clientele is limited, chiefly to small private businessmen, and their credit possibilities are similarly almost as limited. Beside, many of them have made elementary gaffes when starting up—apparently, private enterprise is imperfect, too, like the state sector. It is another matter that, unlike the state banks, they find it more difficult to collect bad debts (here the courts are the sole resort); here equal treatment of the private and state sectors still has not arrived.

The NBP and its Banking Supervision Department promise "tighter screening," sharper rules and tighter controls, and by now it can be seen that this promise is not mere rhetoric. The interbank National Clearing-house Chamber is being established to streamline interbank clearings. In its turn, the NBP has decided that it will not underwrite the interbank clearing operations, which should force the banks to expedite these operations.

The Telbank, a system of interbank communications, is being established (the experience with Art-B [a famous banking scam, with speculators exploiting the slowness of bank clearings to milk millions of dollars from the banks] and the oscillator [another scam] has certainly given impetus to this work); within not more than two or three years this system will link 3,000 bank branches. Too bad but we will have to wait.

The Association of Polish Banks [ZBP] has been formed, associating 137 banks (including some cooperative banks operating on the basis of general licenses) and at the same time, side by side with the inevitable competition, a sense of solidarity and shared interests is arising among the banks. The Association is also to mediate disputes between banks and it promises to tackle "banking morality" energetically, that is, to foster professional integrity.

Attempts, diffident as yet, to popularize "plastic money" are being made. The PKO-BP Bank has issued its own credit card, Express, and installed more than an hundred automatic teller machines. The Visa credit card has appeared on our market, though for a select few. The number of instructional courses in banking is growing rapidly.

But still more has to be done than has been done. In the field of law and implementing regulations, trained personnel, sureties and insurance, infrastructure, cashless circulation, new products and new operations, and computers worthy of the era. It would be good if the growth of the banking sector were to spearhead progress in other fields and the a prime mover of changes.

Still, would it make sense to demand of Polish banks, even when they are commercial, private, or funded by foreign capital, to greatly outdistance the level of the other fields in Poland?

NOVI VJESNIK Profiles Milan Panic

*AU1908152592 Zagreb NOVI VJESNIK
in Serbo-Croatian 14 Aug 92 p 10*

[Salih Zvizdic profile of Milan Panic: "Questionable Biography of Mr. Panic"]

[Text] If Milan Panic suits Belgrade communists who appointed him, he suits them because he has not been appointed to ruin them but to help them. If he suits the Americans, who gave him their approval and blessing, he suits them because he is willing to accept anything they want.

That is how Panic is seen by his old acquaintance Dr. Petar Pavlovic, who lives in New York and has known Panic well and for a long time. Pavlovic cannot understand one thing: How is it possible that Panic had the nerve to accept the position of prime minister in the government of a country like this Serbia. However, regardless of Pavlovic's views on the controversial statesman and politician, the fact is that a lot is written worldwide about Panic. But not because he is successfully leading the policies and the government of a country, but because he is very unsuccessfully playing the role of prime minister, and because he is not ashamed of his many promises that have remained just that. Does Mr. Panic think that the world is insane?

He is the politician who has introduced endless circus games into the politics of Serbia, and even the world. It is indeed a rare occurrence in this century that a state is headed, particularly at such a dramatic time for it, by a political amateur and ignoramus, who with his whole being belongs to the group of the oblivious "who do not know that they are ignorant," and are therefore all the more dangerous.

We will try to introduce him from various aspects, since each gives a different picture.

His Questionable Degree

We will allow Panic to introduce himself, albeit through meager information that he gave to the publication BUSINESS INFORMATION REPORT of 6 July 1992 (this publication is published by the reputable New York firm Dun & Bradstreet), so that a neutral observer can discover at the very start certain exceptionally interesting things about him.

For example, this publication says that Panic graduated from Belgrade University. However, according to the most reliable information from that university, he did not graduate there—unless Belgrade University later issued him a retrospect honorary degree—but studied chemistry for only two years.

In the same publication, Panic says for himself that he did postgraduate studies at Heidelberg University, but no date is given as to his time there. That is probably not a coincidence. This man, who is known as a cyclist from some competitions, but certainly not as a man of an

academic career, could not have specialized in Heidelberg if in 1957 he found himself penniless in Chicago at the age of 28. (In the 1950's, no one could dream of studying abroad without the state's blessing and the communists' permission.)

Furthermore, the publication quotes him as saying that from 1957 to 1959 he was a research assistant at the University of Southern California. If that is true, then Mr. Panic is indeed a superman. According to another version of his fascinating biography, during that same period he was painstakingly cruising with his ships up and down the Pacific, disposing of nuclear waste for the U.S. Government (ecology was not an issue in those days, so he can be forgiven).

What is the truth in all this?

The Story of the Rich Jewess

In Panic's own words, he started his first business project—with the nuclear waste—only a year and a half after arriving in the United States without a cent! Then he bought his first ship for \$300,000 in cash! No amount of saving could accumulate such capital from a salary of a university assistant. Obviously, something was dubious there, which made Panic eventually launch another story, itself full of inconsistencies.

There was a story in circulation that, after arriving in the land of opportunity, he married a rich Jewess, and that the money came from that source. However, this story also contains two large gaps. First, nobody has ever seen or met this mysterious rich woman, and second, nobody knows what has become of her. Also, regardless of the unlikely assumption that the rich Jewess ever existed, it is well known and easily verified that Panic left Yugoslavia a married man and that several years later he took his wife, children, and in-laws to the United States. It follows that he was a bigamist at some stage.

These are the most innocuous questions concerning Milan Panic.

Mystery Surrounding Mrs. Panic

The tragic death of Jelena Panic would, under normal circumstances, not be discussed in the press, so, out of consideration for her mother, we will mention only some details that concern Panic as a public figure. There are two versions of Mrs. Panic's death. According to version A, Panic presented her with a new Rolls Royce, imported from Great Britain. As she was not used to driving a car with the steering wheel on the right side, she had an accident, spent several months in a coma, and then died.

However, there is version B, according to which Panic had an affair with his wife's best friend, an American, and his wife found out about it. In Pasadena, which is near Los Angeles, in Panic's official residence, she wanted to confront her husband with some compromising evidence that she had gathered through various means. Divorce in the United States, particularly if the

husband is guilty, is a very expensive business, so apparently a row broke out between the spouses over blackmail.

The case was closed after an official investigation, but there were two interpretations as to what happened. During a fight, Panic killed his wife in justified self-defense, or Mrs. Panic turned the gun on herself in despair.

Unfortunately, this story has an even more tragic epilogue. Panic's son, who was very close to his mother, could not get over her death. Several months later he went to Spain, where he committed suicide. Panic's legal office issued an official explanation: He committed suicide under the influence of drugs.

Not much time passed before Panic married again. His new wife was his dead wife's best friend.

Potential Roles of Panic, Milosevic Considered

92BA1299B Belgrade NIN in Serbo-Croatian 31 Jul 92
pp 17-18

[Article by Slobodan Reljic: "Mohammed and the Mountain"]

[Text] *The same day that Milosevic was receiving the Golden Medallion at the Porecje cooperative and combine, Panic was taking care of his pharmaceutical firm in California. What, then, links these two apparently very different men? Above all, their infinite concern for our fate.*

While President Milosevic was preparing his historic "Leskovac" speech, world agencies were reporting from New York that Butrus Butrus-Ghali supported federal Prime Minister Milan Panic. President Milosevic, in a thorough review of "what is happening in the country of Serbia," as expected of him, coldly ignored the federal prime minister's activity to date. Perhaps the only thing that applied to the American was that "at this time, I can say that we in the leadership of Serbia and Yugoslavia will responsibly and equally take into account both the independence of the republic and its inclusion on an equal basis in the international community...."

Some damned journalist, however, immediately asked Panic himself, "On what basis is the prime minister convinced that the Yugoslav Army will be loyal to him, and not to Serbian President Milosevic?" "I think that it will soon be clear to you who commands there. You will see it very soon," the prime minister said "in his own style."

Yes. That is the question. What will they (and we) soon see?

After one more "assault against the sky," will Leskovac ("All roads lead to Leskovac"—Slobodan Milosevic) finally bring to their knees Helsinki, Rome, Paris, New York, Washington, Madrid (Panic's route)? Will the prime minister's magic word "privatization" only be a falling star that will plunge into the infinite spaces of the well-known "prosperity" in which, according to President Milosevic, "with greater mobilization, with better organization, and more individual and every other type of responsibility, our economic position could be much better"?

When Prime Minister Panic was elected, one important official said on television ("I will not tell you where; you would immediately realize who he is") that the "pretentious American" would only last three months, until "they" lift the sanctions, "and then we will remove him." The fact that Panic is an "insufficiently informed person" was also asserted by Alija Izetbegovic, who obviously thinks that he knows what he is doing, but, unfortunately, the world has less and less sympathy for it.

There, far from the Balkans, apparently they are once again not suspecting that someone does not distinguish

war from peace, shooting from a calm, wealth from misery. The world, in fact, is only troubled about whether Panic "really has power as prime minister" (Baker).

But it is hard to believe that even Milan Panic does not understand the full depth of the "Balkan strategy," which could be summed up in the laconic answer of one Serbian Assembly deputy to a question about whether the nationalization of POLITIKA was a slap in the face to Panic. Mr. Radomir Tesic (SPS [Serbian Socialist Party]): "It cannot be a slap in the face to Panic, since as far as I know, he is now (Sunday, 26 July) in America!" (After all, the prime minister did not perceive this as a slap in the face recently in Madrid either—on the contrary.)

Even the haughtiest and proudest (Serbian) heart has to tremble when the American Sixth Fleet is faced by his (Serbian and Montenegrin) army, the commander in chief of which is a U.S. citizen. And not only that! Renegades may really be the worst enemies of those who were formerly "their own," but every month Panic asks the U.S. administration for an "extension of his 30-day permit to deal with Yugoslavia." And moreover: "It is to be expected that the permit for Panic and his colleagues Teodor Olic and John Scanlan (with whom he went to New York on Monday, 20 July, to talk with Butrus-Ghali, without Yugoslav UN representative Djokic) will be extended on 2 August... and also that these regular installments of the prime minister will continue to proceed without any major problems" (BORBA, 23 July).

Yes, it really is justified when President Milosevic is constantly troubled, as if by a bad dream, by concern about the "independence and sovereignty of Serbia and the dignity of its citizens." The only thing that he can be criticized for is bearing at least part of the blame for this situation, which could not be presumed from his speech. We quote: "The situation in which Serbia finds itself today... is a consequence of a conjunction of circumstances and events on the international level, as well as a conjunction of circumstances and events in the area of the former Yugoslavia and Serbia itself." Everything that can be noted between Milosevic and Panic can resemble the traffic between Mohammed and the mountain, i.e., since the president has been unwilling to leave for trips outside the country and has had a hard time participating in talks with foreigners, they sent a man here. Naturally, things are not that simple. Panic is also a living man and may want more than both his "employers" (both Cosic and Bush) offered him. It is precisely President Milosevic for whom this thought may feel the most unpleasant. If he gives him power, he risks having this "ambitious babler" refuse to give it back afterward; and if he does not give it to him, he risks almost nothing—disaster cannot be avoided.

The fact that the Federal Republic of Yugoslavia is seeking its own prophet who will lead it out of the depths gives Panic good chances. No matter how much one

should not rely on various polls, they nevertheless show something: "The Socialists and Milosevic have lost the majority." The Medijum public opinion center at the Institute for Political Studies notes, "The trend of a decline in the percentage of supporters of the ruling SPS is continuing. In the elections in December 1990, this party won 33 percent of the votes of the Serbian electorate (without Kosovo), in August 1991 that percentage had already fallen to 29.9 percent, in March 1992 to 26 percent, and in July... to 23.7 percent." At the same time, Milan Panic, just after the election, "received clear majority support (77 percent) from the citizens of Serbia, regardless of their political and party orientation." Furthermore, "in every national group, Milan Panic has clear majority support." POLITIKA drew the following conclusion from that: "Today this fact may have particular weight."

On the same day that President Milosevic received the Porecje Golden Medallion at the Porecje cooperative and combine, and when he visited the Nevena chemical combine, Mr. Panic was "mostly in his old 'saddle'—behind the president's desk at his pharmaceutical firm ICN in Costa Mesa (California)." What, then, in spite of everything, links these two very different people? First of all, their infinite concern for our fate. In the second place, what is behind these two paths—what they "energetically point" to—the opinions and readiness for the action on the part of the millions of people in this country (the question now is just how many of them are behind whom). And this is not at all insignificant, either for their ambitions or for our future.

Gligorov on Macedonia's 'Difficult' Position

92BA1303A Belgrade NIN in Serbo-Croatian 31 Jul 92
pp 24-26

[Interview with Macedonian President Kiro Gligorov by Svetislav Spasojevic; place and date not given: "It Is Very Difficult for Us"]

[Text] *"I do not believe in any state organization composed of the remnants of Yugoslavia, and I do not think that it is now a solution that would solve anything in the Balkans. I repeat: Now it is not the most important thing to resolve the issue of the future through forms of state or parastatal community...."*

It is possible that Macedonia, of all the areas of the former Yugoslavia, is most affected by being absent from the international scene. Moving between the extremes of being completely ignored, and certain announcements of its recognition, Macedonia today is exposed to the tedium of an environment that insults its intelligence.

NIN visited Kiro Gligorov, the president of Macedonia, and saw for itself how the man at the head of the government was formulating its policy. The subjects that we talked about with the former long-time resident of Belgrade were the nonrecognition of Macedonia, the urgent Albanian question, the peaceful departure of the Serbian army from Macedonia, the sanctions against

Serbia and Montenegro that are hurting Macedonia the most, and the ominous encirclement....

Mr. Gligorov is convinced that a recognized Macedonian state would be a connective tissue in the agitated Balkans, and not, as some people unjustifiably think, a stumbling block.

[Spasojevic] You are constantly traveling. Yesterday you arrived from Turkey. You lived in Belgrade for about 40 years; why are you no longer there?

[Gligorov] I went there as long as there were meetings and communication with the capital of Yugoslavia. Now the situation is much different. There are no more air links, or political meetings either. Serbia, if I may put it that way, is completely in Bosnia and Croatia. Macedonia has been left in peace. We are a republic that ought to bear with its difficulties on its own. In doing so, we have coped well so far, and so I hope that that will be the case in the future as well.

[Spasojevic] Significant personnel changes have happened in Yugoslavia. Mr. Dobrica Cosic has come to be the head of state. There is also a new prime minister, Mr. Panic. In your opinion, what does this mean for future relations between Macedonia and the third Yugoslavia? Do you have any contacts with Mr. Cosic?

[Gligorov] Unfortunately, none, for the time being. Previously there was an initiative to have academician Cosic visit Macedonia. This was before he became president. The idea came from the poets who invited him to come to the "Struga poetry evenings." I thought it was a good idea, and an even better opportunity to talk to each other informally. In the meantime, he came to be head of state. We will see how things develop further.

I knew Mr. Panic before. He was in Skopje twice as a representative of his firm. There is a fairly high degree of agreement between us that it is necessary to take action in the economy and cooperate, regardless of borders and divisions. We also have very similar views with respect to how the economy should be managed. He came to Macedonia with certain projects that are very interesting. These include, above all, the construction of an oil pipeline to which we could also be connected. He was interested in doing something like what he did with Galenika with the Alkoloid pharmaceutical factory in Skopje as well. We negotiated over how he could participate in its purchase. Naturally, now everything has been interrupted, in a way, because his current preoccupations are different.

[Spasojevic] Mr. Gligorov, everyone in Belgrade believes that President Cosic is a person inclined toward dialogue and that in the future it will be much easier for Yugoslavia, and Serbia, thanks to that characteristic of his, to establish good relations, especially with our neighbors.

[Gligorov] Let me tell you something, Spasojevic, regardless of everything that has happened in Serbia and what Mr. Milosevic's role was in those events. At the

meeting in Ohrid, Milosevic agreed that Macedonia could choose its own path and that Serbia would respect it. Naturally, he thought that our commitment to independence was not good, but if Macedonia wanted it, it should do it.

I do not know what Mr. Cosic's attitude toward Macedonia is like. For the time being, he has not spoken out about this publicly anywhere, or else I have not noticed it. In any case, a dialogue with him is essential and necessary. We will continue to live together. All these things have to be settled somehow. We made an effort to avoid war, and not to participate in it if there was one. I did not see the sense of that war. I believe that this is also Mr. Cosic's orientation. I am deeply convinced that no borders or territories of any kind can be a motive for such events in the Balkans. Life could do much more than what people are trying to do by force. Trying to prove who is stronger and who is defending his people more, proving one's patriotism, moreover with the use of force—is an insult to human reason.

[Spasojevic] Do you think that only one side, in this case the Serbian one, is responsible for the war?

[Gligorov] There is no war in which only one side is right. Consequently, that is not the point. The first task was to avoid war, and discussing greater and lesser guilt, in percentages, does not lead to anything.

[Spasojevic] Is a Yugoslavia that would consist of Montenegro, Macedonia, Serbia, and the Serbian Krajinas possible today?

[Gligorov] Time, unfortunately, has had its effect. After so much blood, the destruction of cities, and hatred, I am not sure that that possibility exists. We succeeded in avoiding Serbophobia in Macedonia. Of course, I am not talking about extremist individuals, who go too far, which is after all the case in Serbia as well. There is also no Hellenophobia among the people, even though the Greeks are blocking the last step in our attempt to become a member of the UN and a recognized state. If we have succeeded in anything, it is preventing the rise of nationalism. It is not a prevalent mood here, if I may put it that way. Macedonia wants to have open borders, economic cooperation, and friendly relations with all its neighbors. Everything that we want to achieve on the basis of some predetermined solution cannot yield great results. First let us stop the war, begin a normal life, and turn to vital issues. They will teach us, better than all the political issues and predetermined national programs, which path we should follow and how we should take reality into account.

[Spasojevic] Mr. President, I would request that you give me a specific answer: Is there, or is there not, any possibility for some third Yugoslavia that would include Macedonia? I note that I would like you to give me a precise answer to this question.

[Gligorov] To put it in one sentence, we are in favor of an autonomous and independent Macedonia. In this

situation, it is a guarantee of peace in the Balkans. Our basic goal in foreign policy is to offer all our neighbors friendship and cooperation, and not to seek to have any of them have a special relationship with Macedonia. Otherwise it would mean the birth of a new Balkan rivalry over the Macedonian territory. That, of course, would not lead to peace and stability. I repeat: Now it is not the most important thing to resolve the issue of the future through forms of state or parastatal community. In my opinion, the issue of the future can be resolved by emerging from this atmosphere and the incomprehensible mood to wage war. I do not believe in any state organization composed of the remainder of Yugoslavia, and I do not believe that it is now a solution that would solve anything in the Balkans.

[Spasojevic] Some time ago, Mr. President, I talked in Pristina with the leading Albanian intellectual, Mr. Redzp Cosja. He asserted to me then that there was no separate Albanian question in Macedonia, Montenegro, or Serbia. According to him, it was a single one—consequently, a Yugoslav or Balkan one. This opinion, you know, is not an isolated one among Albanians.

[Gligorov] Before I give you an answer to this question, I have to say that the cause of the Yugoslav war—and tomorrow it would be a Balkan war—is if one adheres to the standpoint “all Croats in one state,” “all Serbs in one state,” “all Albanians in one state...” and us as well, if we came out with the slogan “all Macedonians in one state,” a Balkan war would be here immediately. We all have to free ourselves from this. This is one of the basic causes of the tragedy that has happened to Yugoslavia. New borders in the Balkans inevitably lead to war.

The issue that you raised has to be resolved in each state separately. Why? The answer is as follows: if the Albanian question in the Balkans is single, then it can only be resolved by a Balkan war—if it can be resolved that way at all, of course. What happened in Kosovo has not happened in Macedonia, and that is not by chance. This people has had somewhat different relations with the Albanian people. We in Macedonia saw, precisely on the basis of the Kosovo example, that we had to take another path. We conducted the struggle by political means, dialogue.... Others are constantly telling us, “You will see what awaits you.” I do not see any other course except dialogue. The Albanians have founded their own parties, gone into the elections, entered parliament and the government... And now they will be in a coalition in the new government. What else should have been done? Have an interethnic conflict with the Albanians in Macedonia? This area has always been ethnically mixed, and there is no other solution except for us to live together. If we had advocated the thesis “Albanians out of Macedonia”—and admittedly, there were such slogans—where would it have led us?

[Spasojevic] If by some chance it happens, for instance, that Serbia is forced to or wants to give part of Kosmet

[Kosovo and Metohija] to Albania, will the Albanians in western Macedonia still want to stay in the same state with Macedonians?

[Gligorov] Those are not the same things. In the first place, one should see what is in western Macedonia. In Kosmet there are 90 percent Albanians, but that is not the case in Macedonia. The mixed population is much higher in it, and people are always forgetting that a large number of the Albanians, perhaps one-fourth, are in Skopje. Consequently, they are mixed with Macedonians in a city of about 650,000 inhabitants. The situation is not such that one can draw a line and say, now this goes here or there. Regardless of this, I will remind you again of the thesis that the Balkans have to remain mixed. Borders should not be barriers that will create homogeneous national states. It is simply impossible in the Balkans.

[Spasojevic] Mr. Gligorov, you are a person who currently enjoys a great reputation in Macedonia. If people continue to insist that Macedonia has to change its name in order to become an independent state, and if you yourself came to that realization, would you have enough courage to propose to the Macedonian people that it accept this, under enormous pressure?

[Gligorov] We will see whether it will be necessary to take this into account. They are asking us for something that is without precedent in international relations. The recognition of a state has never been linked to its name. You could also hear this from Mr. Pinheiro, the former president of the EC. In response to a direct question about whether a state's name was a condition for its recognition, he answered, "It is not, and it cannot be." He could not have answered any other way. It is a political problem within the EC. That, however, cannot be enough of a reason for one people to remain without an identity.

[Spasojevic] It is being demonstrated in practice that the Greeks are persisting in their decision.

[Gligorov] Well, all right—what can we do?

[Spasojevic] Are you also adhering to your position?

[Gligorov] To us it is not a question of emotions, but to the Greeks it is. We do not want to prove that Alexander the Great is ours, nor do we have any claims to the rest of Macedonia. We are living in one part of the geographic area that is called Macedonia, and we have borne that name for centuries in order to distinguish ourselves from the other Slavic peoples. You know very well that we have been called Serbs. During World War II, the Bulgarians imposed their own name on us? If the name of Macedonia is erased, we become a nameless people, i.e., unidentified as to who we are and what we are, and the stories about us can start again: that we are Serbs, Greeks, Bulgarians.... We will be everything then, just not Macedonians!

Accordingly, the problem is much more serious than it seems at first glance. The word "Macedonia" is historically justified. It is part of our poetry, literature, and all cultural and other values of this people. Should we start with the elementary school primer and erase this name so that someone would be satisfied and realize that he is not threatened? How is Greece threatened by us? We are a state with only two million people, and moreover without an army, economic power.... With the position that it has today, Greece wants to impose something that is supposed to be the definitive loss of the identity of my people. No people can accept that. It is not my issue, parliament's, or the government's.... There is no institution that could accept the Greek demand. Consequently, it is something that cannot be settled if some name is invented that would be in effect for the world, while we call ourselves what we want!

[Spasojevic] Today, Mr. President, you are one of the most experienced politicians in the Balkans. In this regard, I am not thinking only of the years of your life, but rather of those years spent on the political scene. Are you ever afraid that when you step down from the political scene someone might accuse you of helping Macedonians to establish their national identity more strongly, but actually taking them further away from a state?

[Gligorov] If nationalism in Macedonia had assumed the kind of scope that it has in the other republics, we probably would not exist today. There would be innumerable reasons for intervention from outside or from within. Consequently, nationalism nevertheless did not win out as the principal value, if I may put it that way, in this republic. Furthermore, this state has existed since 1944. Today, after the army's departure, we are a sovereign state, and no one can change that. We are in the process of achieving recognition, and we will persist in this, but without national fervor.

[Spasojevic] You mentioned the army's departure. Are you satisfied with the way the army left Macedonia?

[Gligorov] It certainly ended well and happily. The army's peaceful departure is something that this people appreciates very much. Even when we were negotiating about how the army would leave, I said that it was important that it not leave behind a feeling that it wanted to draw this people into something, to subjugate it, God forbid, or do anything similar.

[Spasojevic] Was it a Serbian army?

[Gligorov] Yes. That is quite correct, particularly since several months before its departure we ceased to provide recruits. I think that this ended well with the Serbian army and that the consequences of this will be seen later on. On the other hand, we did not surround barracks or mistreat the families of Serbian officers.... This was a very strong argument for the army to think about whether it should do anything bad to this people, when this people was behaving well toward it.

[Spasojevic] The state Presidency, and thus, if you like, the Serbian state leadership, was behind that kind of behavior by the army. Specifically, what I mean to say is that they were also in favor of the army's peaceful departure from Macedonia.

[Gligorov] Of course, I have to take that reality into account.

[Spasojevic] Mr. Gligorov, you were a resident of Belgrade for 40 years. Is my hope illusory when I hope that you will also defend us Serbs during your frequent meetings with foreign statesmen, for whatever reason, and especially when we are right?

[Gligorov] You may be certain that during the entire period from the beginning of the crisis until today, I have never taken a one-sided position. The atmosphere that has been created, of defending the supreme national interest at any cost, could not lead to anything good that could be justifiably defended in front of the world. You will agree that this is a truth that has determined a certain behavior.

[Spasojevic] You said recently in the Paris LE MONDE that Europe had not angered you with its attitude toward Macedonia, but that it had deeply disappointed you....

[Gligorov] I emphasize that I am not angry, because I am a realistic person and I see things as they are. In politics, justice and policy do not always go together, and a very great deal in this regard is decided by the balance of power. Greece is in a privileged position, because we really have fulfilled all the conditions for recognition, but it is not coming at all.

[Spasojevic] We have mentioned Greece fairly often in this interview. Previously in Macedonia many people had criticisms about the relations between Belgrade and Athens. Is that also true today, and in your opinion, is it justified?

[Gligorov] Let me tell you frankly that I am not bothered at all by the cooperation between Serbia and Greece. Of course, this is with respect to a relationship that would not include certain other elements of possible agreements, especially regarding forms of pressure against Macedonia....

[Spasojevic] Pressure?

[Gligorov] Let me remind you that the Greeks initiated the meeting of the signatories of the Buchapest agreement. At that time Yugoslavia had not yet fallen apart. Serbia, Romania, Bulgaria, and Greece were invited to the meeting. It was an open secret that they were supposed to talk about what to do in this region with Macedonia! Furthermore, Mr. Mitsotakis once said publicly that Milosevic had proposed to him that Greece and Serbia divide up Macedonia. Greece is simply exploiting Serbia for possible pressures against us.

[Spasojevic] So far I have not perceived, in any official Serbian positions, that it was doing that. On the contrary, I have the impression that there is a great deal of sympathy for Macedonia's ambitions.

[Gligorov] I was not present at the meetings of the Greek and Serbian leaders. Consequently, I do not have authentic information. I am talking about everything that the foreign press has commented on.

[Spasojevic] I read in some newspaper that allegedly, military corps were being created in Serbia on the border with Macedonia, which were supposed to enter Macedonia at a given time. Mr. Gligorov, do you believe that report?

[Gligorov] I personally do not believe it.

[Spasojevic] When we parted last year around this time after an interview, you told me that you regretted very much that we had not talked about the economy.

[Gligorov] At that time, unfortunately, war was breaking out, and it is still continuing. The sanctions against Serbia and Montenegro are relatively affecting Macedonia the most. On the other hand, we are never certain whether Greece will close the borders again tomorrow, as it did in recent months. One of our neighbors is Albania, which has very great economic difficulties. The same thing is true of Bulgaria. All of these are enormous misfortunes, which have overtaken us. According to some calculations, before these tragic events, about 65 percent of our economy was more or less linked with Serbia's. You can imagine what kind of difficulties the interruption of relations with Serbia is creating for us. Believe me, it is not a question of this people's not being able to feed itself, but in any case things are very difficult for us today. In this situation, it is necessary to seek alternative routes for our goods and for economic relations.

Efforts To Transform Politika Analyzed

92BA1303B Belgrade VREME in Serbo-Croatian
3 Aug 92 pp 10-11

[Article by Nenad Lj. Stefanovic: "The Balloon Has Burst"]

[Text] *The story about the conversion of the firm Politika into a public enterprise is only part of a somewhat broader story about the conversion of Serbia as a whole into a proving ground for a repressive policy for which a path is being cleared by a series of various laws. These laws reflect primarily the ruling party's nervousness because the ground is disappearing from underneath its feet, and so its behavior today increasingly resembles the wandering and noise of a laggard actor on an empty stage on which the curtain is being slowly lowered.*

At the time when Politika, which had been turned into a servant of everyday politics, began to propagate throughout the former Yugoslavia a spirit of "relentless

democracy," warn about a global anti-Serbian conspiracy, recognize Serbia's enemies in every particle of air, advocate economic blockades, publish "responses and reactions" instead of information and facts, and equate the news about the fall of the Berlin wall, in importance with the news that Slobodan Milosevic had become an honorary citizen of Paracin or Cuprija, one could frequently hear the following joke in downtown Belgrade: Somewhere in the next world, at a summit of former statesmen about "what could have been," Adolf Hitler publicly complained that his team of colleagues did not include Zika Minovic, POLITIKA's director and chief editor. "In that case the world probably would not have ever found out that I lost World War II," Hitler claimed in this joke.

Several years later, that same Zika Minovic, whose services in turning a formerly reputable newspaper into a rag and gaining mass support for a fatal national project were immeasurable, became almost the ringleader of a struggle for the freedom of public speech in Serbia. A man whose metamorphoses are impressive even for butterflies and whose political slogan is "A mouse that only has one hole cannot be a good mouse," has for many people grown overnight into a symbol of resistance to a policy. It is precisely the fact that Minovic, as the former promoter of a journalism in which anything was permitted as long as it served the purpose of intoxication with national virtues, has today suddenly found himself in the company of those who are talking about a catastrophic policy that has to "render its accounts to the people" (the syndrome of the eighth meeting), that could serve not only as proof of the instability of Politika's director, but also as a paradigm of the exhaustion and confusion of current Serbian policy.

The attempt by the Serbian Government, under the guise of concern about "national property," to turn the Politika newspaper firm into a public enterprise and make a rag again out of certain issues of it, at the same time, makes it easier to see how much Serbia, day by day, increasingly resembles some theater of the absurd in which it really is less and less clear "whether we are all crazy together, or whether perhaps the whole world is looking at things upside down." In that theater, of course, everything is possible. It is thus possible that a man whom the authorities defended with tanks last March against strikers is today heading a strike by POLITIKA journalists against those same authorities; that intellectuals who cooperated for years in the "responses and howls," or bowed their heads before what Politika was in the past, are now loudly defending the right to the dignity of public speech; that the government that is trying to steal Politika for itself for the sake of complete control over the most influential media is saying that it is doing this in order to protect public property; that the workers whom the government has already "made happy" by turning their firms into public enterprises are sending telegrams of support (usually from forced vacations) to Politika's employees and encouraging them not to surrender; and that even the Serbian patriarch is speaking out about it.

The story about Politika's conversion into a public enterprise is only part of a somewhat broader story about the conversion of Serbia as a whole into a proving ground for a repressive policy for which a path is being cleared by a series of various laws. These laws reflect primarily the ruling party's nervousness because the ground is vanishing from underneath its feet, and so its present behavior increasingly resembles the wandering and noise of a laggard actor on an empty stage on which the curtain is slowly being lowered. Milosevic's team, which until recently measured its success exclusively in terms of the number of enemies, is now confronted not only by a nationalist and irresolute opposition and a harsh international blockade, but also by a total disavowal of its policy of harsh confrontation with everything and everyone that comes from the federal leadership. The elections are approaching, the membership of the SPS [Serbian Socialist Party] is dissipating, and the leadership is quarreling, so that even Milosevic himself is starting to maneuver, disassociating himself from his own party, and Panic will suddenly come back to Yugoslavia with some new initiatives that will not be based on warfare as a solution for all of Serbia's problems. That is also the reason for the unprecedented haste to push through the Assembly anything that could decide in advance the outcome of the elections scheduled for the fall.

In that haste, the reconquest of Politika, which in recent months has begun returning more and more convincingly to certain firm principles of the journalistic profession, has been the focus of the media, but it is essentially not too different from the conquest of the university or the passage of the law on public order and peace. The attempt to establish order at Politika is also no different from the similar plans by Tudjman's government to keep the principal media in Croatia from being turned into stock companies. Both rulers know very well that social (state) ownership is a constant source of totalitarian impulses, but they obviously do not know that a society is reflected and measured by the press that it can tolerate and indulge.

The assignment of "calling Politika to its senses" again was entrusted to Prime Minister Radoman Bozovic and the person in the Serbian Government who is responsible for information about the president's lucky stars, Milivoje Pavlovic. The order to carry out this job obviously came to both people from the leadership of the Serbian state. After all, Milosevic considers Bozovic the same thing that Pavlovic is to Bozovic—a person who fulfills desires and reads the stars. Such a mutual relationship is perhaps good for lovers and those who like stars, but it is often very bad for those around them, as was demonstrated in this case as well. The most thankless job of executioner, however, fell to Minister Pavlovic, also known as the writer of *Book About the Anthem* and the *White Book*, "written" without a single line's being written. With such empty books, authors usually influence emotions, but they also show that they do not have enough information. On this occasion as well,

through his intervention regarding Politika, which he compared to the Studenica monastery, the minister of information inflamed many emotions and showed that he did not have enough information, nor could he cope with the rapids of politics.

On the very first day of the Assembly debate, it was obvious that Politika was too big and bitter a mouthful for the present government and for him personally. Even if this law survives arbitration by the Constitutional Court and the strike by this newspaper company's employees, the bruises that the government earned by putting this issue on the agenda so quickly and superficially will hardly disappear. Zika Minovic, who stepped into the political waters long before Slobodan Milosevic started to study politics at a certain Tehnogas, or Radoman Bozovic got high marks for his seminar papers on public property, or Minister Pavlovic wrote "white books," could not be destroyed simply by moving one's little finger; not could Politika, which many people consider a national institution, be equated with some agricultural combine in which temporary measures should be instituted. Everything indicated from the start that in the "Politika case" it would be incomparably wiser to return from the field instead of wrongly going to the end. A government that has shown on many previous occasions that instead of wisdom it would rather bet on an uncompromising attitude and intolerance would have perceived a retreat as its own defeat.

In the new homogenized Serbian public opinion, this time in defense of Politika, one could often hear how a fateful battle for democracy in Serbia was being fought on Makedonska Street. If Politika falls, as has been stubbornly repeated in the past few weeks, the question is when BORBA will stop coming out, and when Radio B-92 and NTV Studio B will fall silent or be reinforced with "Serbs of better quality." If Bozovic, with the help of the Assembly voting machine and the lucky guiding star of his Minister Pavlovic, really does become the "chief editor of Serbia," a great deal in Serbian journalism that has begun to serve the truth instead of everyday politics could be cut off. The whole affair with Politika, however, seems incomparably more "fateful" to many people than it really is, perhaps because this time everyone saw it as an apparent chance to gain something. The people at 33 Tolstojeva calculated that by emasculating Politika and the university, the elections announced for September could be won as early as July. The opposition calculated that by defending Politika (this time without tanks), it could severely discredit and shake up the government, and that the earthquake could later spread as well to 33 Tolstojeva. Zika Minovic, naturally, also had his own calculation; by suddenly advocating the freedom of public speech, he tried at least to downplay something that he will never be able to avoid—responsibility for the enthronement of a catastrophic political team and the "spontaneous" organization of popular support for the appearance of a "false dawn" in the Serbian people.

The only ones who cannot count on gaining anything in all of this are Prime Minister Bozovic and Minister Pavlovic. The fate of the executioner in politics is that usually he never earns anything. Politika's quasi-property transformation, in the name of which freedom of the press is being suppressed, will not be able to bring back for Bozovic and his minister the times which Hitler regretted in the joke. Not even Minovic on his "best days," when he was starting to build the myth about the leader, would be capable today of leveling the craters left behind by the current Serbian policy, which could not be more wrong even if it wanted to. It is too late for anything like that.

After all, as Minister Pavlovic recently said: "The balloon of lies has burst, and the truth is slowly beginning to leak out."

First Step Toward Privatization of Health Sector

92BA1281A Belgrade EKONOMSKA POLITIKA
in Serbo-Croatian 20 Jul 92 pp 28-29

[Interview with Dr. Slobodan Ivanovic, owner of Anlava surgical and stomatological clinic, by V.D.; date and place not given: "Entrepreneurs Club: Health-Care Business"]

[Text] At a time when, on the one hand, business activities are generally fading away and, on the other hand, twilight is falling over the overall position of our state health system, which has reduced its offerings to caring only for urgent cases, the extraordinarily rapid growth of the Anlava surgical and stomatological clinic clearly merits attention. It is actually the first primarily surgical, private outpatient clinic in Belgrade and Serbia. Opened by owners Veroslava and Slobodan Ivanovic less than a year ago, it has already grown into a full-scale clinic, since it now has leased inpatient suites to hospitalize its patients in the state hospital, and is shortly opening a new trauma center in Kopaonik as well. On this occasion, we spoke with Dr. Slobodan Ivanovic.

[V.D.] For decades now, only the state has invested in our health-care system. This work has not proven to be profitable, which has put health care in a situation of utter agony. However, your example seems significantly more optimistic than the real conditions for development of the private sector in our country, especially in this sector, the surgery business, which is a rather expensive and risky job. How did you even decide on this business, and what all do you offer today?

[Ivanovic] It all began several years ago when, as the holder of a fellowship from the Swedish Government, I visited the private clinics of my colleagues there. Specifically, all Swedish doctors who work for state companies also have a private practice as a supplemental activity. At first, I also worked at the Zemun Clinical Hospital Center while attempting to manage this clinic. However, I was unable, both psychologically and physically, to do two jobs at the same time. I resigned from the hospital and went over to a full-time private practice.

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